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CO-OPERATION BETWEEN THE UNITED NATIONS AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE

Report of the Secretary-General

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I. INTRODUCTION

1. In its resolution 44/8 of 18 October 1989, the General Assembly took note with satisfaction of the report of the Secretary-General (A/44/424 and Add.1) and requested the United Nations and the Organization of the Islamic Conference (OIC) to continue co-operation in their common search for solutions to global problems, such as questions relating to international peace and security, disarmament, self-determination, decolonization, fundamental human rights and the establishment of a new international economic order. In the same resolution, the Assembly encouraged the specialized agencies and other organizations of the United Nations system to continue to expand their co-operation with OIC.

2. The Assembly recommended that a meeting of the focal points of the lead agencies of the United Nations and OIC and its specialized institutions should be organized in 1990 to review the progress in the implementation of the plan of action adopted at the co-ordination meeting held between the two organizations in 1989 (see A/44/424/Add.1, paras, 9-56), and that the meeting should be followed by a general meeting between representatives of the secretariats of the organizations of the United Nations system and OIC. It also requested the Secretary-General of the United Nations, in consultation with the Secretary-General of OIC, to encourage the convening of sectoral meetings between the two organizations.

II. CONSULTATIONS BETWEEN REPRESENTATIVES OF THE UNITED NATIONS AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE AND REPRESENTATION AT MEETINGS

3. During his visit to United Nations Headquarters in October 1989, Mr. Hamid Algabid, Secretary-General of OIC, met with the Secretary-General of the United Nations and discussed matters of concern to the two organizations.

4. The Ministers for Foreign Affairs of the States members of OIC held their annual co-ordination meeting at United Nations Headquarters, on 4 October 1989, to review items on the agenda of the forty-fourth session of the General Assembly, particularly those which were of special concern and interest to OIC. These included issues concerning the Middle East and the question of Palestine, the situation in Afghanistan, the situation in South Africa and Namibia, and the critical economic situation in Africa.

5. The Under-Secretary-General for Special Political Questions, Regional Co-operation, Decolonization and Trusteeship represented the Secretary-General of the United Nations at the Nineteenth Islamic Conference of Foreign Ministers, held at Cairo from 28 July to 3 August 1990, and delivered a message to the Conference on his behalf.

6. Representatives of OIC participated in the meetings of the Security-Council and of the General Assembly, as well as in the eighteenth special session of the General Assembly, held in New York from 23 April to 1 May 1990. Representatives of OIC also participated in a meeting of the Security Council held at Geneva on 25 and 26 May 1990.

III. FOLLOW-UP ACTION ON RECOMMENDATIONS OF THE CO-ORDINATION MEETING BETWEEN LEAD AGENCIES OF THE UNITED NATIONS SYSTEM AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE

7. In accordance with General Assembly resolution 43/2 of 17 October 1988, a co-ordination meeting was held at Geneva in September 1989 between the focal points of the lead agencies of the United Nations system and those of OIC (see A/44/424/Add.1). The meeting reviewed co-operation and progress in seven designated priority sectors and agreed upon a two-year plan of action.

8. The United Nations designated the following agencies and organizations to serve as focal points for these sectors:

Sector	Agency/organization
Development of science and technology	Centre for Science and Technology for Development of the Secretariat
Outer space	Outer Space Division of the Secretariat
Development of trade	United Nations Conference on Trade and Development (UNCTAD)
Technical co-operation among Islamic countries	United Nations Development Programme (UNDP)
Assistance to refugees	Office of the United Nations High Commissioner for Refugees (UNHCR)
Food security and agriculture	Food and Agriculture Organization of the United Nations (FAO)
Education and eradication of illiteracy	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Investment mechanisms and joint ventures	United Nations Industrial Development Organization (UNIDO)

9. During the period under review, the lead agencies reported the following developments in their respective areas of co-operation.

A. Development of science and technology

10. In the light of the OIC secretariat's interest in endogenous capacity building and following the recommendations of the Administrative Committee on Co-ordination (ACC) Task Force, the Centre for Science and Technology for Development is implementing an endogenous capacity-building project in Jordan. The last

inter-agency mission to Jordan took place from 20 to 26 November 1989. A similar project is underway in Pakistan, where the first mission visited the country in July 1990.

11. The endogenous capacity-building activity in Jordan was reviewed at the eleventh session of the ACC Task Force, held in New York from 7 to 9 May 1990. The central issue of technology management was highlighted, covering such aspects as technology monitoring, forecasting, assessment and policy planning and implementation.

12. Transfer of Knowledge through Expatriate Nationals (TOKTEN) is an ongoing activity in four OIC countries. The largest programme is being conducted in Egypt, where a study has recently been undertaken for mobilizing the capital acquired through expatriate nationals towards investment to benefit the economic and industrial development in their countries. This activity may materialize in the future as a spin-off of TOKTEN operations.

B. Outer space

13. The Outer Space Affairs Division of the Secretariat has co-operated with OIC on regional and international meetings, training courses and workshops organized under the auspices of the United Nations Space Applications Programme.

14. During the period under review, member countries of OIC participated in a joint United Nations/UNDP/FAO/European Space Agency (ESA) meeting on remote sensing and satellite meteorology applications to marine resources and coastal management in the Atlantic coast of the African region, held in May 1989. They also attended the United Nations/Indian Ocean Marine Affairs Co-operation Council workshop on oceanographic/marine space information systems, held in July 1989.

15. On an annual basis, candidates from member countries of OIC were among the beneficiaries of long-range fellowships offered by States Members of the United Nations and of international organizations within the framework of the Space Applications Programme. Eighty-nine member countries of OIC also nominated candidates for participation in United Nations international training courses and meetings of experts.

C. Development of trade

16. Pursuant to recommendations of the 1989 co-ordination meeting of the focal points of the lead agencies of the United Nations system and OIC, UNCTAD has undertaken the actions outlined in the ensuing paragraphs.

17. In the area of development of trade, there was continued co-operation between UNCTAD and the Islamic Centre for Development of Trade (ICDT). A forum on trade among countries members of the newly created economic grouping, the Arab Maghreb Union (UMA), was organized by both organizations and held at Casablanca from 24 to

26 January 1990. UNCTAD also provided the services of an expert to assist in establishing a trade information system, including a documentation service and a computerized data base and also to provide on-the-job training to ICDT personnel.

18. In addition, in March 1990, UNCTAD participated in and provided extensive inputs to the fifth session of the OIC Standing Committee on Commercial and Economic Co-operation among Islamic Countries, its follow-up committee and the first meeting of the focal points for Technical Co-operation among Islamic Countries (TCIC).

19. UNCTAD has also been rendering technical support towards the evolution of OIC trade liberalization instruments as contained in the "Draft framework agreement on trade preferential systems among the member States of OIC" and its "Rules of origin". The TCIC meeting, at Istanbul from 24 to 26 March 1990, was informed of developments within the various UNCTAD technical assistance programmes in the areas of transfer of technology, maritime transport, external debt management, economic co-operation among developing countries, computerization of trade procedures and market analysis, and restrictions to trade, as well as trade and economic co-operation with East European countries. A status report was submitted on the extent of benefits being derived by OIC member countries individually and by the relevant OIC institutions, and on the financial support being rendered to some of those projects by the OIC donor institutions, including the Islamic Development Bank (IsDB), and by individual countries.

20. The UNCTAD secretariat intensified its efforts to promote co-operation with a number of organizations concerning the implementation of its work on assistance to the Palestinian people. Extensive consultations were held with IsDB aimed at ascertaining its possible association with UNCTAD in the preparation of the in-depth inter-sectoral study on the topic "Prospects for sustained economic and social development in the occupied Palestinian territory (the West Bank and Gaza Strip)".

D. Technical co-operation among Islamic countries

21. The Special Unit for Technical Co-operation among Developing Countries continued its role as the UNDP focal point for technical co-operation among Islamic countries, supporting activities both substantively and financially.

22. The Special Unit provided catalytic financial support in the form of coverage of international travel costs, enabling representatives from a number of OIC member countries to participate in the Invesment Analysis and Economic Management Seminar, jointly organized by the Pakistan Institute of Development Economics and the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC), which was held at Lahore, Pakistan, from 14 October to 9 November 1989.

23. The Special Unit also provided catalytic support for participation of 13 member countries of OIC in the first meeting of focal points for TCIC. The meeting discussed ways and means of enhancing technical co-operation among Islamic countries, and finalized the draft agenda for the first ministerial consultation on

TCIC, expected to be held at Istanbul, within the framework of the sixth session of the Standing Committee on Commercial and Economic Co-operation among Islamic Countries. The Special Unit also supported this meeting with documentation and substantive advice, reflecting the experience of UNDP in promoting and enhancing technical co-operation among developing countries. The Special Unit is expected to provide substantive and catalytic financial support to the proposed annual meetings of the focal points for technical co-operation among developing countries (TCDC) as decided at the meeting.

24. With regard to the dissemination of information on the institutional capacities of Islamic countries, the Special Unit continued to encourage the Governments of Islamic developing countries to register their institutional capacities with its Information Referral System (INRES South) database. As of July 1990, this effort has resulted in the registration of 1,530 institutions from Islamic developing countries, out of a total of 4,022 institutions of developing countries in the INRES South database.

25. Future activities are expected to cover assistance in the strengthening of national TCIC focal point mechanisms, in co-operation with SESRTCIC and IsDB, and also the organization of TCDC programming exercises in different social and economic sectors in a number of Islamic countries.

E. Assistance to refugees

26. During the period under review, UNHCR continued to develop and strengthen its relations with OIC through regular contacts and participation on a reciprocal basis at the meetings of their respective governing bodies. These exchanges took place in the context of the co-ordination meeting between OIC and the organizations of the United Nations system, held at Geneva in September 1989. The meeting provided an opportunity to review, in particular, the wide-ranging assistance being provided by UNHCR to member countries of OIC. At the same time, OIC expressed its general support for UNHCR protection and assistance activities in the countries concerned. It also indicated its willingness to assist UNHCR in enhancing its co-operation with the Islamic world.

27. A number of concrete steps were taken to increase UNHCR co-operation with specialized institutions of OIC concerned with assistance to refugees. Thus measures were drawn up jointly with the Islamic Educational, Scientific and Cultural Organization (ISESCO) for the eradication of illiteracy in those villages in Pakistan hosting Afghan refugees. In addition, at the invitation of ISESCO, UNHCR participated in the second extraordinary session of the General Conference of ISESCO held at Jomtien, Thailand, which considered the problems relating to and actions to ensure literacy and basic language training for all persons within countries and communities of the Islamic world.

28. Discussions also took place with IsDB regarding an agreement of co-operation in areas of assistance to refugees in Islamic countries and to Muslim refugee communities. It is expected that the proposed agreement will be concluded shortly.

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F. Food security and agriculture

29. FAO continued its close co-operation with OIC in the field of agricultural development and food security.

30. The project proposal prepared by FAO for an OIC food security reserve was discussed in August 1989 at an expert group meeting held in Indonesia. The project document cannot be finalized until 10 member countries agree to join the reserve in order to make it operational. OIC is awaiting the reaction of the interested countries.

31. FAO prepared a paper entitled "The Implication of Changing Food Consumption Patterns for Food and Agricultural Production and Trade in the Near East", which was discussed at a meeting of the Near East Regional Economic and Social Policy Commission, held at Cairo in October 1989. In addition to proposing measures to increase food production, FAO also advocated collaboration among countries in the region in research, training, information and exchange of experience.

32. Under the FAO Food Security Assistance Scheme, technical assistance was provided to a number of OIC member countries to strengthen their national food security programmes. As of December 1989, 17 projects under the Assistance Scheme were operational in 11 member countries, which enabled those countries to strengthen their national early warning systems and to provide policy advice to national cereal marketing organizations on improving storage facilities.

33. Two senior officers attended the meeting of the OIC Commission for Economic and Social Affairs, held at Jeddah in February 1990. The main discussions centred on the situation of the world economy and its effect on Islamic countries and the possibility of launching an FAO proposal for the establishment of a food reserve in Islamic countries.

34. The FAO representative in Turkey attended the meeting of the focal points for technical co-operation among OIC member countries, held at Istanbul in March 1990. The main discussions dealt with the preparations for the first OIC Ministerial Meeting on Technical Co-operation in October 1990 and the strengthening of the existing system of national focal points.

1. Co-operation with the Islamic Development Bank

35. A FAO representative attended, as an observer, the meeting of the Board of Governors of IsDB, held at Algiers in February 1990. Collaboration with IsDB continued in the field of desert locust control where the Bank had previously approved the sum of $US 14 million for direct aid to countries affected by locusts. Discussions were also held on other project ideas for Senegal, the Niger and Indonesia.

36. The President of the Bank recalled the FAO proposal for an Islamic food security programme and indicated that the Bank would welcome activities in this field. A special task force has been formed to ensure the follow-up of the proposal on food reserve for the Islamic countries.

37. IsDB also showed interest in a new project on fish development in the Mediterranean region. FAO has started collaboration with the Libyan Arab Jamahiriya in a fisheries survey project that could be the subject of joint financing with the Arab Fund of Kuwait.

2. Agricultural policy and sector analysis

38. FAO assistance was extended to a large number of OIC countries with funds received from trust fund bilateral donors, UNDP or from FAO resources (such as the Technical Co-operation Programme). In particular, assistance focused on agricultural price policies, agricultural marketing, linkages between agricultural and macroeconomic variables, analysis of agricultural adjustment programmes and agricultural sector reviews. FAO assisted in carrying out agricultural policy analysis through the preparation of studies or preparation of agricultural components of their national plans.

39. Support continued to be provided to SESRTRIC, particularly in the areas of policy analysis and project identification and formulation.

3. Agricultural statistics

40. Statisticians from several member countries of OIC were trained in agricultural census-taking at two national demonstration workshops organized jointly by FAO and the Governments of Morocco and Somalia. Each workshop lasted four weeks, during which the participants received training on various aspects of planning and executing an agricultural census.

41. FAO continued sending its publications, namely, statistical yearbooks and methodological manuals, to OIC member countries.

4. Forestry

42. FAO concentrated its collaboration with a number of OIC countries on the new priority programme of the Tropical Forestry Action Plan. Planning missions were sent to two countries jointly with UNDP or the World Bank and a forestry sector review mission was sent out to one country. Other forestry sector reviews and round table meetings concerning overall forestry plans were held in collaboration with interested funding sources. Through contributions received from trust fund donors, namely, Belgium, Finland, France, Japan, the Netherlands, Sweden and Switzerland, FAO intends to organize a substantial number of missions under the Action Plan, which would lead to large investments in forestry and agro-forestry activities.

5. Fisheries

43. The regional project on "Fish marketing information provision and technical advisory services for Arab countries" (based in Bahrain), which provides up-to-date information on international fish trade as well as advice on the handling, processing and marketing of fish and fishery products, continues to service OIC member countries in the Near East. It collaborates closely with a similar regional project on a "Regional fish trade information and co-operation service for Africa", which covers West Africa. Both projects are part of the FAO Global Network of Fish Marketing, Information and Technical Advisory Services. They facilitate contacts between fish buyers and sellers and organize seminars and other meetings aiming at strengthening co-operation among member countries in the field of fish exploitation and marketing.

44. A subregional project on "Development of fishery co-operatives and community fishing centres" is providing assistance to four Islamic countries in the field of small-scale fisheries and fishery co-operatives management.

6. Investment projects for agricultural development

45. The FAO Investment Centre prepared 19 agricultural investment projects in 15 OIC countries, which were approved by multilateral institutions such as the World Bank, the International Fund for Agricultural Development (IFAD) and the African Development Bank. It also assisted OIC countries in the formulation of 52 additional projects for consideration by financing institutions. Several West African countries, members of OIC, were given assistance in the formulation of project proposals for environmental/natural resource management for eventual funding by the World Bank.

7. Information systems

46. Thirty-seven OIC member countries participate in the International Information System for the Agricultural Sciences and Technology (AGRIS) and 35 in the Current Agricultural Research Information System (CARIS).

47. FAO continued to provide assistance, upon request, to strengthen national and regional agricultural documentation capacities. FAO staff and consultants carried out missions in 12 countries, and training at FAO headquarters or in the field was provided to nationals from 11 countries.

8. Training

48. FAO continued training in the development of human resources in almost all OIC countries that are involved in ongoing field projects, whether financed by UNDP, trust funds or FAO resources. Special emphasis was placed on agricultural planning, project analysis, agricultural statistics, nutrition and food consumption.

9. Environment and natural disasters

49. FAO has assisted OIC countries affected by natural disasters in the following two fields:

(a) Desert locust control: funds received from various bilateral donors and IsDB amounted to $US 40 million at end 1989. Actual expenditures in 1989 for the campaign of locust control reached $US 11.3 million;

(b) Screwworm control: in 1989 FAO confirmed the presence in the Libyan Arab Jamahiriya of the new world screwworm. Its potential spread represents a genuine emergency situation that could have disastrous consequences for livestock, wildlife and even the human population in Africa, the Middle East and elsewhere.

G. Education and eradication of illiteracy

50. UNESCO and OIC co-operated mainly through the Islamic Educational, Scientific and Cultural Organization (ISESCO), an agency of OIC. ISESCO contributed financially to and participated actively in the following meetings organized by UNESCO: a subregional workshop on validation of the methodological guide on the administrative and educational management of primary schools for training of principals, held at Rabat in March 1989; a meeting on the education of migrants' children and former migrants, held at Ljubljana, Yugoslavia, in June 1989; and the World Conference on Education for All, held at Jomtien, Thailand, in March 1990.

51. UNESCO participated in the seminars organized by ISESCO on training of literacy personnel, held at Dacca in January 1990 and at Dakar in March 1990.

52. As a follow-up of the joint UNESCO/ISESCO meeting held in May 1988, the Regional Office for Education in the Arab States continues to assist ISESCO in programmes aimed at improving curricula and teaching methods, such as the elaboration of a typical programme for teaching computer sciences and the conducting of training courses for teachers of computer sciences in 1990 and 1991.

53. Pursuant to the recommendations of the 1989 co-ordination meeting and under the UNESCO approved programme and budget for 1990-1991, a joint UNESCO/ISESCO regional workshop is foreseen on validation of the Arab version of the methodological guide on the administrative and educational management of primary schools for training of principals.

54. In the field of statistics, UNESCO will continue to exchange data with ISESCO on education, science, culture and communication; seek the collaboration of SESTRIC and ISESCO in organizing regional and national training seminars in the fields of education, science, culture and communication in OIC member countries; and explore the interest of IsDB in co-operating with UNESCO. Both organizations will co-operate with the aim of:

(a) Establishing a list of educational, scientific and cultural indicators to be measured in OIC countries;

(b) Studying the modalities of co-operation with IsDB to carry out specialized field surveys to measure specific changes in the fields of education, science, culture and communication.

55. Other activities and modalities of co-operation will be formulated within the framework of the recommendations of the co-ordination meeting of focal points, ongoing regional programmes, the follow-up of the World Conference on Education for All, the International Literacy Year, and the next UNESCO/ISESCO joint meeting.

H. Investment mechanisms and joint ventures

56. UNIDO has continued its close co-operation with OIC through the IsDB, the Islamic Chamber of Commerce, Industry and Commodity Exchange (ICCICE) and SESRTCIC.

57. UNIDO, as the lead agency of the United Nation system in the field of investment mechanisms and joint ventures with regard to co-operation with OIC, actively participated in the 1989 co-ordination meeting of the focal points and worked out a two-year plan of action.

58. UNIDO also maintains close co-operation with the OIC Standing Committee on Commercial and Economic Co-operation among Islamic Countries and participated in the fifth session of the Standing Committee, held at Istanbul from 3 to 6 September 1989.

59. UNIDO has been requested by the Federation of Pakistan Chambers of Commerce and Industry and ICCICE to organize with them the second meeting for the promotion of joint ventures among Islamic countries, to be held at Karachi in December 1990. That request is being examined by UNIDO.

60. Implementation of an investment project identification and promotion programme for the countries of central Africa has recently begun. Four OIC member States are participants in this programme. A number of investment projects in the food and timber sectors have been identified by UNIDO. Those projects are being promoted vis-à-vis potential foreign partners through the UNIDO network of investment promotion services. With the financial support of UNIDO, representatives of the sponsoring enterprises in those countries attended the investment promotion meeting held at Yaoundé in December 1989.

61. Indonesia was also a beneficiary of UNIDO assistance in the sphere of joint venture and investment promotion. A meeting on investment project identification and promotion was held at Djakarta, as a result of which 40 projects were identified and are under active negotiations with foreign components. Indonesia was also identified as one of the countries that will benefit from the UNIDO global agro-industries programme in which the International Finance Corporation is a participant. This programme, financed by a $1.4 million contribution from France, aims to identify agro-industrial projects in Indonesia to be implemented by companies, initially those in France and subsequently those in the other developed countries.

62. The following joint-venture projects have also been implemented:

Somalia: Elaboration of techno-economic studies for two projects (lime production and extension of a salt plant)

Niger: Implementation of a salt project and preparation of economic and market studies for a mini-sugar mill

Mali: Elaboration of a feasibility study on manufacturing plants for agricultural implements

Bangladesh: Preparation of a study on the construction of a poultry and animal feed mill.

IV. CO-OPERATION IN THE FIELD OF ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT

A. Department of International Economic and Social Affairs of the Secretariat

63. In the context of its activities in the area of projections and perspective studies, the Department for International Economic and Social Affairs of the Secretariat has considerable technical expertise in the development, management, updating and revision of econometric models, which can be utilized by member countries of OIC in analysing their economic outlook and evolution of economic policies. These capabilities can be utilized further to broaden the economic horizons of the research conducted by those countries by giving more explicit treatment to specific socio-economic development issues. Linking the various individual country planning models into a comprehensive framework for a regional model could provide an excellent basis for the study of prospective trends and conditions in the region. The Department can also provide information on world trade matrices, which now cover a 22-year period from 1964 to 1986 for four commodity groupings and comprise 80 countries/regions, including developed market countries/regions and Eastern European countries, individual OIC member countries and others as members of sub-regional groups. The Department also prepares comprehensive sets of internationally standardized data, measuring economic activities and social conditions in most countries of the world. In the past, such data have been made available to the Conference and the Department can continue to make them available in the future.

64. The Statistical Office of the Department will continue its close co-operation with SESTRCIC. It continues to provide assistance to OIC member countries in the various areas of its responsibility, including the provision of a wide range of economic and social statistics, methodologies, guidelines and technical reports on the collection, classification, processing and dissemination of statistics. Technical backstopping support will continue to be provided for OIC member countries in the field of statistics and statistical data processing through the Department of Technical Co-operation for Development of the Secretariat.

65. The Population Division of the Department carries out research on population-related issues of concern to the work of OIC and its member countries. The most relevant publications on this subject include biennially revised estimates and projections of population size to the year 2025 and key demographic characteristics for all countries, including those members of OIC. In addition, projections of rural and urban populations and of all urban agglomerations with a population of two million or more to the year 2000 are prepared and issued biennially. The Department also issues reports on the monitoring of population trends and policies every two years. It may be useful to note that the most recently completed monitoring report contained a chapter entitled "Labour and other migration to Western Asia". Another recently completed study on demographic target-setting included case studies on the experience of Bangladesh and Tunisia.

66. The Department regularly analyses various aspects of the economic situation of member countries of OIC and reports on relevant international economic developments in the annual publication World Economic Survey and in other major reports, such as those on the Overall Socio-economic Perspective of the World Economy to the Year 2000 and the Report on the World Social Situation.

67. In terms of the Department's activities on energy, water and transport, these have encompassed analyses of trends and problems in OIC member countries.

B. Department of Technical Co-operation for Development of the Secretariat

68. The Department of Technical Co-operation for Development has been implementing a substantial programme of technical co-operation activities in the developing countries that are members of OIC. In 1989, the Department implemented 330 technical co-operation projects in 43 OIC member countries, with total project expenditures of over $55 million.

69. The technical co-operation projects implemented by the Department spanned the full range of substantive fields and addressed many key concerns of OIC member countries. In the sector of public administration and finance, many of the projects were in countries involved with structural adjustment programmes. Those projects, aimed at administrative and financial reforms, have focused on improvements in such areas as administrative structures and procedures, tax policy, ways of reducing public spending and mobilizing new resources for development, public enterprise restructuring, and budgeting and accounting techniques. In the energy sector, projects dealt with diverse needs, including energy planning and policy analysis, establishment of energy data banks, development of the power sector, including new and renewable sources of energy, and investment promotion. In the sector of development planning, under which the Department helps to strengthen the technical and institutional capacity to prepare and implement integrated policies and plans for economic and social development, assistance to OIC countries during 1989 centred on macro-economic planning, public investment programming, sub-national planning, external resource management and integrated rural development.

70. Strengthening of national capacities through human resources development received particular emphasis under the technical co-operation projects implemented by the Department in OIC member countries as in other developing countries. Accordingly, the training of national staff and the strengthening of institutional structures and mechanisms were especially important facets of projects in all sectors that the Department carried out.

C. Economic and Social Commission for Western Asia

71. Since the third joint United Nations/OIC meeting of July 1988, the Economic and Social Commission for Western Asia (ESCWA) has continued to maintain contact and co-operation with OIC. In its effort to strengthen further co-operation with OIC, the secretariat of the Commission has established regular and ongoing contacts with subsidiary organs of OIC, such as the Islamic Academy for Sciences.

72. Following the conclusion of an agreement with the Islamic Foundation for Science, Technology and Development in 1987, ESCWA established regular contact and pursued active co-operation with the Foundation and the Islamic Academy for Sciences.

73. In this context, ESCWA participated in two conferences organized by OIC: one in December 1988 at Islamabad, on science and technology policy for self-reliance in the Muslim world, and another in December 1989 in Kuwait, on new technologies and the development of the Muslim world.

74. In December 1989, the ESCWA Science and Technology Programme and the OIC Science and Technology Committee held a meeting, upon the request of the latter, in order to discuss the prospects for co-operation in the implementation of joint activities.

75. Furthermore, the Foundation and IsDB participated in the ESCWA expert group meeting organized jointly with the Ministry of Industry in Egypt on the topic "Specialized financial institutions and development of endogenous technological capabilities". The proceedings of this meeting have been sent to all OIC organizations.

76. ESCWA prepared a paper on the topic "The state of research and development in the ESCWA region" to be submitted to the planned OIC conference in 1990 on research and development in the Islamic countries. Preparations are also being made for a high-level meeting to co-ordinate activities between ESCWA and the Foundation in the field of science, technology and environment.

77. The Environment Co-ordination Unit staff of ESCWA undertook a high-level mission to Saudi Arabia in April 1990. During the course of the mission, the staff discussed with the secretariat of OIC substantive organizational matters related to the regional and global priority on environmental issues in preparation for the regional conference on environment and development, which will be held during the first quarter of 1991.

78. Other joint activities envisaged for 1990 include participation in the Second Islamic Countries Conference on Statistical Sciences, to be held from 26 to 30 August 1990 in Malaysia, and preparation of a project profile defined within the framework of the preparatory assistance project for the Transport and Communications Decade in Western Asia. This project entitled "Trans-Arab corridors" foresees the development of a main transport network between ESCWA and adjacent Islamic countries and therefore constitutes a joint field of action for ESCWA and OIC.

D. United Nations Relief and Works Agency for Palestine Refugees in the Near East

79. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has maintained periodic contacts with the OIC secretariat since 1987. Meetings are held at Jeddah from time to time between the agency officials and the OIC Under-Secretary-General for Palestine and Al Quds and other secretariat staff. The last meeting was held on 3 March 1990. The Commissioner-General of UNRWA also plans to call on the Secretary-General of OIC when he next visits Saudi Arabia.

80. UNRWA keeps OIC informed about its activities and programmes through public information and other materials that are regularly sent to Jeddah. UNRWA also maintains good relations with IsDB. A useful working relationship has been established, which will continue and strengthen in the future.

E. United Nations Centre for Human Settlements

81. The United Nations Centre for Human Settlements (UNCHS/Habitat) has continued to maintain a high level of co-operation with and assistance to member countries of OIC, particularly within the context of the implementation of the Global Strategy for Shelter to the Year 2000.

82. In the field of technical co-operation, UNCHS (Habitat) was at year end 1989 executing 73 projects on different aspects of human settlements accounting for a total budget of $51 million in OIC member countries. These covered the following subject areas:

Settlement policies and strategies:	10 projects in 6 countries
Settlement planning:	7 projects in 5 countries
Shelter and community services:	11 projects in 6 countries
Development of the indigenous construction sector:	6 projects in 5 countries
Low-cost infrastructure for Human Settlements:	4 projects in 4 countries

Land policies: 1 project in 1 country

Human settlements institutions and management: 34 projects in 14 countries

83. In addition, 28 projects, accounting for a budget of over $29 million in 15 OIC member countries, were in the pipeline stage. Most of these were expected to be under execution during 1990, as required funds became available.

84. At the invitation of the respective Governments and/or organizing bodies, UNCHS (Habitat) presented technical papers at a number of important events in OIC member countries. These included the Regional Seminar on Housing and Development, held at Amman to commemorate the Fourth World Habitat Day; the first International Symposium on Post-War Reconstruction in Basra and Food and Agriculture Organization of the United Nations, held at Baghdad in November 1989; and two seminars organized in Bangladesh by the Centre for Sustainable Development in 1989 and 1990.

85. Representatives of several OIC member countries participated in the various seminars organized by UNCHS (Habitat), including the regional seminars on the role of women in the planning and development of human settlements. Representatives of more than 12 OIC countries participated in seminars conducted by UNCHS (Habitat) in co-operation with the Governments of Bulgaria, the German Democratic Republic and Hungary.

F. Office of the United Nations Disaster Relief Co-ordinator

86. During the period under review, the Office of the United Nations Disaster Relief Co-ordinator (UNDRO) continued to provide OIC with copies of its situation reports on relief assistance provided to OIC member countries confronted with natural disasters and emergencies. In this respect, UNDRO was involved in providing relief assistance to Algeria, Bangladesh, Democratic Yemen, Djibouti, Iran (Islamic Republic of), Mauritania, Senegal, Somalia, the Sudan and Tunisia. In addition, new and ongoing national and regional projects on disaster preparedness and prevention to cope with natural disasters or other emergencies were implemented in 11 OIC member countries.

87. It was agreed at the focal points meeting of the United Nations and OIC lead agencies, held in Geneva from 13 to 15 September 1989, that, in addition to relief, UNDRO and OIC should co-operate on disaster preparedness and prevention matters. It was believed that OIC could play a role during the International Decade for Natural Disaster Reduction, which was proclaimed by the General Assembly it its resolution 44/236 of 22 December 1989, and that an OIC representative should visit UNDRO to discuss mutual co-operation.

G. World Food Programme

88. The World Food Programme (WFP) has made a major contribution to the developing countries that are members of OIC by providing since 1963 food assistance worth approximately $6,437 million. Food aid is being used as a means of achieving economic and social development, as well as providing relief assistance to meet emergency needs.

89. Currently, there are 121 developm nt projects in 30 OIC countries, to which WFP is contributing food worth $1,779 million. Food aid worth $304 million is being given to nine OIC countries in support of 12 ongoing emergency operations.

90. Development projects implemented with food assistance in OIC countries include directly productive projects, such as land development and improvement, land settlement, afforestation, seedling production, and construction of canals, water points and low-cost houses. In such cases, food aid is being provided either as part payment of wages or as a means of carrying out self-help programmes. Larger-scale programmes in this field are being implemented in nine OIC member countries.

91. Food aid is also being used to support feeding programmes for mothers, pre-school children and school children. In two OIC member countries, school children from poor rural areas receive snacks as an incentive to attend school on a regular basis. Primary school children in boarding schools who have no other means of support receive three meals a day in one OIC member country. Projects in three OIC member countries are also being supported, under which pregnant and lactating mothers from the poorest households receive food rations as a means to improve their nutritional status and to attract them to attend mother and child health centres where they can receive regular medical checkups and take part in immunization programmes.

92. WFP is also making a substantial contribution in supporting emergency operations. The largest operations are in Pakistan and the Islamic Republic of Iran, where approximately 3.5 million Afghan refugees continued to receive assistance during 1990. Another large-scale operation is being supported in the Sudan, under which WFP and other bilateral donors, as well as non-governmental organizations, provided food assistance to about two million displaced persons in 1989. Similar types of operations are being supported in several OIC member countries.

93. WFP assistance is mainly targeted to the poorest segments of the rural population, and low-income countries among OIC members receive consideration for WFP food aid as a matter of priority.

H. International Labour Organisation

94. Co-opertion between the International Labour Organisation (ILO) and OIC involves its assistance and training activities in 16 OIC member countries.

95. Vocational training activities for Afghan refugees continue to be provided in Pakistan. Approximately 2,000 persons were trained during 1989 in mechanical, electrical and building and construction occupations.

96. Following a completed project in Turkey, a proposal has been developed for the establishment of a national industrial training system to meet the needs of industry and the economy in the country. This proposal is based on an in-depth analysis of training needs and existing training facilities. It is completed by recommendations to set up a national occupational standards system and to improve the employment market information. The project also assisted the Industrial Training and Development Centre in improving existing programmes and organizing a series of workshops for training in the modular approach to curriculum development, skills-testing and certification linked to the occupational standards. The project provided training in management, foreign languages and computers, and produced learning materials and audio-visual aids.

1. Rural development

97. In the Maldives, a project financed by UNDP (approximately $225,000) and the Arab Gulf Programme for United Nations Development Organizations (AGFUND) (approximately $141,000), which assisted the Rural Youth Vocational Training Programme, has been completed. Workshops have been established on different islands of the country where training is given in trades such as diesel mechanics, jewellery, boat-building and carpentry. Young people trained in mechanical skills have been employed by local entreprises and the building industry has particularly benefited from the newly trained personnel.

98. The following technical co-operation projects, funded by the United Nations Population Fund (UNFPA), are currently being implemented in OIC member countries:

(a) Population, human resources and development planning;

(b) Population and family welfare education in the work setting.

99. In 1989, ILO also collaborated with (a) the Arab Labour Organization (ALO) and the International Confederation of Arab Trade Unions in the implementation of multi-country projects on population and family welfare education and (b) the Arab Planning Institute in organizing joint regional training activities in population, human resources and development planning.

2. Employment promotion and manpower planning

100. Technical co-operation projects and related activities are currently being executed in 14 OIC member countries. Within the framework of a project on employment promotion and manpower policy, technical advice and assistance have been provided towards the establishment of a department of employment and human resources planning in the Ministry of Planning of Jordan. Resources for the funding of this project are being provided by UNDP. A high-level ILO mission on

employment and training visited Jordan in September 1989 to assess prospects for intensifying ILO technical assistance to the Government in relation to current employment and development problems.

101. Improvement of the labour market information system in Turkey was financed by UNDP. Overseas fellowships were provided under this project for the training of national officials at the United States Bureau of Labour Statistics, Washington, D.C., in 1989.

102. A new project on the creation of an information system for employment development and manpower planning was financed by UNDP in Indonesia and became operational in January 1990. It was a follow-up activity on the projects on implementation of an employment-creation strategy and the establishment of a manpower management information system.

103. A project on human resources development planning, also financed by UNDP, in Malaysia is now in the final stage with the submission of a series of technical advisory reports to the Government.

104. An empirical investigation on employment planning under conditions of crisis management, financed by ILO, is being undertaken in Pakistan as a basis for the provision of policy advice to the Government.

105. A long-term project aimed at increasing the level of employment has been undertaken in Mali. This project attaches considerable importance to self-employment opportunities for school-leavers and graduates. Within the framework of the project, a number of small enterprises and production units have been created with financial assistance from UNDP and the World Bank to support the employment of school-leavers and graduates.

106. ILO was asked to assist the Government of Senegal, in the context of its economic crisis and structural adjustment, in its efforts to cope with the problems of unemployment among target groups such as retrenched civil servants and young graduates (métrisards). With this in view, a long-term ILO/UNDP technical co-operation project, financed by UNDP and World Bank, is being implemented by la Délégation à l'insertion, à la réinsertion et à l'emploi.

107. Within an ongoing interregional project funded by ILO and the Danish International Development Agency (DANIDA) aimed at upgrading labour market information systems in developing countries, a national tripartite seminar was held at Khartoum in April 1989 in collaboration with the Ministry of Labour of the Sudan. This seminar was a response to the need for establishing an integrated and comprehensive labour market information system, which had been heightened with the adoption of structural adjustment programmes likely to have far-reaching economic and social consequences.

108. As regards employment and technology, a UNDP/ILO project in the Yemen Arab Republic entitled "Development of handicrafts and cottage industries for generation of productive employment and foreign exchange savings" continued to progress with its related activities. At the request of the Government, a consultancy mission

was fielded to the Syrian Arab Republic to assess the needs for technical assistance in the field of handicrafts development. A regional seminar on the topic "Demographic and socio-economic implications of international migration in the Arab world" was organized in collaboration with ESCWA and ALO and held in Jordan. The seminar provided an opportunity to discuss policy issues relating to international migration for both labour-sending and labour-receiving countries, as well as the possible solutions to the problems identified.

109. Projects in the field of management development were implemented in Democratic Yemen, Iraq, Jordan and the Syrian Arab Republic. These projects covered such subjects as secretarial training, hospital management and small-enterprise development in rural areas.

3. Other activities

110. With regard to vocational rehabilitation, seven technical co-operation projects were executed in six OIC countries. The regional workshop on the topic "Orientation and programme formulation on drug rehabilitation" was organized with financial assistance from the United Nations Fund for Drug Abuse Control. Also, the joint ILO/UNDP/AGFUND regional programme on the topic "Development of rehabilitation staff training capacities in Arab countries" was approved.

111. In the field of occupational safety and health, a joint UNDP/ILO project in the Syrian Arab Republic became operational during the period under review. Ad hoc consultancy missions in this area were fielded to three OIC member countries for the purpose of project identification and/or formulation or provision of assistance in conducting national seminars.

112. In the field of workers' activities, ILO organized the Afro-Asian Trade Union seminar on the topic "Role of trade unions in promoting development, social justice and world peace" in co-operation with the General Federation of Trade Unions in Iraq. ILO also organized, with the Turin Centre and the Regional Office for Africa, a regional workshop on the topic "Training of trainers of trade union instructors". Furthermore, technical and financial contributions were made to meetings and seminars held by the regional and national workers' organizations. Those included the Inter-regional Workers' Education Seminar on PTT and New Technology organized by the General Trade Union of Postal Workers of Egypt, the Regional Seminar on Occupational Safety and Health in the Petroleum Industry organized by Arab Federation of Petroleum, Mines and Chemical Workers and the Regional Seminar on Workers' Cooperation, organized by the General Federation of Workers' Trade Unions in the Syrian Arab Republic.

113. Activities of the Regional Arab Centre for Labour Administration were extended to enable an evaluation of the project to be conducted with a view to having a second phase approved. The Centre organized a training course on employment services and a seminar on labour inspection. In 1989, more than 40 officials from the labour ministries in the Arab countries, as well as the workers' and employers' representatives, participated in these activities. The Centre also provided technical advisory services and fellowship programmes in areas such as

labour standards, occupational safety and health, labour administration and employment services.

114. In addition to those activities, research and operational activities by the Asian Regional Team for Employment Promotion and the Jobs and Skills Programme for Africa cover OIC member countries in Asia and Africa, respectively.

115. ILO representatives continued to attend OIC meetings of a general and specialized nature, its co-operation has increased and the activities of ILO in OIC member countries are currently quite extensive.

I. World Health Organization

116. An agreement was signed at Geneva in February 1989 between the World Health Organization (WHO) and ISESCO, by which formal relations were established between both parties. The initiative of the WHO Regional Office for the Eastern Mediterranean, in conjunction with the United Nations Children's Fund (UNICEF) Middle East and North Africa Regional Office and UNESCO on the school health curriculum has been well accepted and supported by ISESCO, which is now in charge of translating the curriculum into French language and other national languages of the Muslim countries.

J. World Bank

117. The World Bank continues to support economic and social programmes in individual OIC member countries through its lending and selected activities. In 1989, the Bank committed over $7.6 billion to development programmes in those countries. This assistance was concentrated in the priority areas of energy and power, agriculture and rural development, development finance, and adjustment programmes.

K. International Monetary Fund

118. During the reporting period there were 80 staff visits to 38 member countries of OIC, and the Fund held periodic consultations and discussions on adjustment policies that might be supported by its financial resources. Additionally, the following were in effect during the 12-month period ending 30 April 1989: seven stand-by arrangements totalling SDR 1,081.35 million; eight structural adjustment facility arrangements totalling SDR 739.27 million; five enhanced structural adjustment facility arrangements totalling SDR 445.87 million; and one extended fund facility arrangement for SDR 207.3 million. There were also 26 staff technical assistance missions: 14 missions relating to budget and taxation, 6 missions on domestic and international banking issues, 2 missions on general statistics, 2 missions on balance of payments, and 2 missions on public debt. Staff advisers were stationed in 10 countries throughout this period.

119. In addition, during the course of the 1989 annual meeting regular contacts and discussions were held with all OIC/IMF members through informal visits by senior staff of the Fund.

L. International Fund for Agricultural Development

120. As at 31 December 1989, IFAD has been instrumental in implementing 109 projects in 30 Islamic countries at a total project cost of $6,011 million. The IFAD contribution to those projects was $1,272 million (SDR 1,069 million) in loans and $12 million (SDR 10 million) in technical assistance grants, representing 44 per cent of all IFAD operations ($2,885 million) and, at the same time, 4 per cent of the total number of approved projects (266). Other external donors contributed $1,943 million, and $2,784 million came from the recipient Governments.

121. Of the 109 projects IFAD has approved for 30 Islamic countries 41 are in Africa, 25 are in Asia, and 43 are in the Near East and North Africa. In the African region, the projects are in 14 countries, thereby covering all African Islamic member countries except Chad. The total project cost is $1,161 million, with an IFAD contribution of $384 million (SDR 319 million) in loans and $11 million (SDR 9 million) in technical assistance grants. Co-financiers have provided $551 million and recipient countries $216 million.

122. In Asia, there are 25 projects for 4 countries covering all Islamic Asian IFAD member countries except for Afghanistan, at a total project cost of $1,985 million. The IFAD contribution has been $413 million (SDR 350 million). Co-financiers have provided $559 million, and recipient countries $1,013 million.

123. In the Near East and in North Africa, 43 projects are earmarked for 12 countries, at a total project cost of $2,865 million. The IFAD contribution has been $475 million (SDR 401 million). Co-financiers have provided $834 million, and the recipient countries $1,555 million.

1. Loan conditions

124. Of the total IFAD loan amount of $1,272 million (SDR 1,069 million) provided to 30 Islamic countries, the sums of $897 million (SDR 754 million) or 71 per cent have been provided on highly concessional terms, $267 million (SDR 222 million) or 21 per cent on intermediate terms and $108 million (SDR 93 million) or 9 per cent on ordinary terms. This compares very favourably with the overall lending terms of total IFAD loans, 67 per cent of which have been provided on highly concessional terms, 25 per cent on intermediate terms and 8 per cent on ordinary terms.

2. Loan disbursements to Islamic countries

125. Most IFAD loans to Islamic countries are at a relatively early phase of the loan disbursement cycle. Nevertheless, as at the end of November 1989, the Fund disbursed about SDR 575 million to the Islamic countries. This works out to a

cumulative disbursement rate of 53 per cent of the total loan commitment to the Islamic countries. Considering the early disbursement phase of IFAD loans this rate compares quite favourably with loan disbursement rates of the International Development Agency (IDA), which has been in operation for over 20 years and many of whose loans are already fully disbursed.

3. Resource mobilization

126. The IFAD investment of $1,272 million in the 30 Islamic countries has mobilized an additional amount of $4,727 million from other external donors and recipient Governments. This equals a mobilization factor of 4, which is quite impressive.

4. Contributions from Islamic countries

127. The four Islamic member countries that are also members of IFAD have contributed a total of $917 million (of which $912 million is in convertible currencies) to IFAD under the Initial Resources, First, Second and Third Replenishments combined. This represents about 30 per cent of the total contributions made to IFAD resources in convertible currencies. The eight category II countries have contributed a total of $864 million, 75 per cent of the total category contribution, and the 32 category III countries have contributed $53 million, representing 45 per cent of the total category contributions.

5. Projects in the pipeline for Islamic countries

128. At present there are 29 projects in the pipeline for 16 Islamic countries. Of these, 3 are in Africa, 10 in Asia and 16 in the Near East and North Africa. This represents 35 per cent of the total number of IFAD projects in the pipeline.

6. IFAD co-operation with the Islamic Development Bank

129. Effective and expanded development assistance to member States of both institutions calls for closer collaboration and co-ordination between IFAD and the IsDB. From the outset, the two institutions have joined in the co-financing of projects in Cameroon, Mali, Mauritania, Morocco, Democratic Yemen, Senegal, Somalia and Tunisia. The contribution by IsDB has been in the form of loans on concessional terms.

130. From this rather modest beginning, a much closer relationship has developed. Joint annual consultations are held to review ongoing mutual efforts and to plan future activities. IsDB has also participated in the special programming missions organized by the Fund in two Islamic least developed member countries, namely the Sudan and Yemen. These contacts and the involvement of concerned staff of the two organizations have culminated in the planning and execution of a number of projects for which funding would be provided in the near future.

131. IsDB has expressed its interest in joining with IFAD on financing projects in a number of countries. IsDB has done so on the basis of projects in the IFAD project pipeline and the Fund has made available to IsDB the project documentation for the latter's information and review. Sharing knowledge and experience and augmenting the financial resources of both organizations will significantly advance the achievement of the objectives of IFAD and IsDB to increase food production and alleviate rural poverty of the member States of the two organizations.

132. Detailed information regarding projects including loan commitment, loan conditions, disbursements and recipient countries is available in the Department for Special Political Questions, Regional Co-operation, Decolonization and Trusteeship of the United Nations Secretariat.

M. General Agreement on Tariffs and Trade

133. During the period under review member countries of OIC that are contracting parties to the General Agreement have focused their activities on the ongoing process of the Uruguay Round of multilateral trade negotiations launched at Punta del Este in 1986.

134. These negotiations, which were aimed at bringing about further liberalization of world trade and at strengthening the role of GATT and improving the multilateral trading system, are expected to be completed in December 1990 in Brussels.

135. OIC member countries have been active in these negotiations, which include subjects in the area of market access, rules of completion, legal and institutional issues and the new issues of trade-related aspects of intellectual property, trade-related investment measures and trade in services.

136. The GATT secretariat has been providing technical assistance to OIC member countries to facilitate their effective participation in the Uruguay Round negotiations.

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CO-OPERATION BETWEEN THE UNITED NATIONS AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE

Report of the Secretary-General

Addendum

CO-ORDINATION MEETING OF THE FOCAL POINTS OF THE LEAD AGENCIES OF OF THE UNITED NATIONS SYSTEM AND THE ORGANIZATION OF THE ISLAMIC CONFERENCE AND ITS SPECIALIZED INSTITUTIONS

I. INTRODUCTION

1. In its resolution 44/8 of 18 October 1989 on co-operation between the United Nations and the Organization of the Islamic Conference (OIC), the General Assembly recommended that a meeting of the focal points of the lead agencies of the United Nations system and OIC and its specialized institutions should be organized in 1990 to review the progress in the implementation of the plan of action adopted at the co-ordination meeting held between the two organizations in September 1989.

II. ORGANIZATIONAL MATTERS

2. The meeting was held at Vienna from 12 to 14 September 1990. The main items on the agenda were (a) the review of the progress in the implementation of the plan of action adopted at the 1989 co-ordination meeting (see A/44/424/Add.1, sect. C); and (b) consideration of proposals to strengthen co-operation in the seven priority areas, namely, food security and agriculture, development of science and technology, investment mechanisms and joint ventures, education and eradication of illiteracy, assistance to refugees; technical co-operation among Islamic countries, and development of trade.

3. The meeting had before it conference room papers containing a summary of information and proposals prepared by the participating agencies.

4. Representatives of the following departments and specialized agencies of the United Nations system participated in the meeting: Department for Special Political Questions, Regional Co-operation, Decolonization and Trusteeship of the Secretariat; Centre for Science and Technology for Development of the Secretariat; United Nations Conference on Trade and Development (UNCTAD); Office of the United Nations High Commissioner for Refugees (UNHCR); United Nations Development Programme (UNDP); Food and Agriculture Organization of the United Nations (FAO); United Nations Educational, Scientific and Cultural Organization (UNESCO) and United Nations Industrial Development Organization (UNIDO).

5. Representatives of the following departments and specialized institutions of OIC participated in the meeting: Economic Affairs Department and Islamic Solidarity Fund of the general secretariat; Islamic Foundation for Science, Technology and Development (IFSTAD); Islamic Educational, Scientific and Cultural Organization (ISESCO); Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) and Islamic Centre for Development of Trade (ICDT).

6. The Assistant Secretary-General of OIC in his opening statement welcomed the fruitful co-operation extended to OIC and its specialized institutions by the United Nations system. He emphasized the importance the Secretary-General of OIC attaches to the collaborative relationship between the two organizations.

III. CONCLUSIONS AND RECOMMENDATIONS

7. The meeting made a critical review of the progress of co-operation and assessed the role of the focal points of the lead agencies in relation to the implementation of the 1989 plan of action. The meeting agreed to the following conclusions and recommendations to enhance co-operation.

A. Food security and agriculture

8. FAO, in close co-operation with the Ankara Centre (SESRTCIC), would prepare a report on the food security situation in OIC countries for the next OIC ministerial conference on food security and agricultural development and would participate at the food security symposium to be held at Dakar prior to the Sixth Islamic Summit.

9. FAO would continue its co-operation with the Ankara Centre in the field of training in agricultural project and sectoral analysis and, with the Centre, would organize and conduct the two computer-based workshops on agricultural development during 1991.

10. FAO would consider participating in the Ankara Centre's project on the medium-term training programme, the identification of centres of co-ordination, and the network of research and training centres in agricultural development with the support of the Islamic Development Bank (IsDB) and UNDP.

11. FAO would consider providing financial and technical assistance to those OIC member countries that have yet to complete their studies in agricultural development as requested in the resolution of the First OIC Agricultural Ministers' Meeting. FAO may also assist in convening an expert consultation meeting to finalize studies already completed by member countries, FAO and other related United Nations agencies, the General Secretariat of OIC and the Ankara Centre.

12. FAO would extend assistance to OIC in preparing a mechanism for the establishment of an OIC food security reserve, as requested in the resolution of the Third OIC Agricultural Ministerial Meeting.

13. FAO would provide data relating to trade in agriculture to ICTD.

14. ICTD proposed that FAO assist in organizing a joint workshop on enhancing trade flows of specific agricultural products among OIC member countries.

15. ICTD proposed that joint FAO/OIC studies should be undertaken on an OIC regional grouping, such as the Arab Maghreb Union and the Gulf Co-operation Council, in the field of agricultural trade.

B. Development of science and technology

16. The Centre for Science and Technology for Development was particularly interested in participating in the Science and Technology Policy Programme of IFSTAD, which is expected to interface with the Centre's ongoing Stakeholders Dialogue Scheme; IFSTAD was invited to select with the Centre an OIC-member country for inclusion in the ongoing programme, in addition to the 11 countries already involved.

17. The Centre also proposed that IFSTAD participate in its staff exchange scheme for improving co-operation and contributing to the efficiency of both institutions.

18. IFSTAD was invited to review and evaluate the paper prepared by the Centre entitled "Environmentally sound technology assessment" and to help promote participation of IsDB in the related workshops on creative financing of environmentally sound development.

19. The following three projects were identified as a priority for joint implementation and evaluation by UNESCO and IFSTAD:

(a) Assessment of science and technology potential in Senegal, requested by the Ministry of National Education of Senegal;

(b) Special staff training scheme for the promotion of Islamic scholarship in various branches of knowledge, requested by the Usmann Dan Fodio University of Sokoto, Nigeria;

(c) Annual training programme for doctorate teachers in science and technology disciplines, requested by the Ahmadu Bello University of Zaria, Nigeria.

20. IFSTAD and UNESCO agreed on a two-step procedure to be undertaken as follows:

(a) IFSTAD would submit to UNESCO three individual reports specifying the contributions expected from UNESCO, from the OIC national partner and from IFSTAD;

(b) A joint search for extrabudgetary funds would be necessary to allow the consultants' reports on the three projects to be studied and for the elaboration of those projects for joint implementation and evaluation by IFSTAD and UNESCO.

21. Other projects submitted by IFSTAD on the training of experts in science and technology, science and technology co-ordination and other topics would be further examined by the scientific departments of UNESCO.

22. IFSTAD renewed its request to UNDP for co-operation in co-sponsorship of its experts-training scheme.

23. UNIDO and IFSTAD agreed to explore the following means of closer co-operation:

(a) IFSTAD would write to UNIDO requesting a relationship agreement for co-operation;

(b) During 1991 an IFSTAD staff member would undergo the week of training elaborated by UNIDO in the field of energy-related feasibility;

(c) IFSTAD and UNIDO would study the programme and budget of a seminar to be held in Jeddah on industrial management for appropriate funding and identification of contributions;

(d) UNIDO would examine its possible participation in the regional seminars on industrial research upon invitation from IFSTAD.

24. IFSTAD and UNIDO reviewed the proposals of common interest on environmental aspects of industrialization, strategies for advanced technologies, and industrial research for development. They agreed that:

(a) UNIDO would provide comments on those specific projects in which it would like to participate;

(b) UNIDO and IFSTAD would exchange information on the development of their respective science and technology policy programmes;

(c) In regard to the UNIDO Industrial Information Data Bank, IFSTAD would submit its views for possible co-operation;

(d) With respect to the feasibility study on solar energy for the Sahel countries, IFSTAD and UNIDO would take appropriate steps for reactivating the IFSTAD proposal, in co-operation with IsDB.

25. IFSTAD invited UNIDO to provide substantial input to its scheme of regional seminars on industrial research aiming at linking research and development to industry in OIC countries.

26. UNIDO and IFSTAD agreed to intensify their co-operation in the transfer of technology in the field of renewable energy and manpower development through an exchange of experts.

27. IFSTAD and UNIDO agreed to follow-up the promotion of the project on Mediterranean marine biotechnology, planned by UNIDO, in co-operation with the OIC Inter-Islamic Network on Oceanography and the promotion of IFSTAD projects on solar cookers in co-operation with IsDB.

C. Investment mechanism and joint ventures

28. The meeting noted the continuation and strengthening of the co-operation between UNIDO and OIC institutions, in the following specific areas:

(a) Rehabilitation of investment projects, in which IsDB holds equity, through trust fund arrangements, technical assistance and/or investment promotion;

(b) Strengthening of capabilities of OIC institutions such as the Ankara Centre (SESRTCIC) in the identification and promotion of joint-venture industrial investment projects among OIC member countries. Among the modalities would be the holding of a second meeting for the promotion of joint ventures between Islamic countries to be held in Karachi in 1991 in co-operation with UNIDO, the Federation of Pakistan Chambers of Commerce and Industries and the Islamic Chamber of Commerce and Industries and Commodity Exchange (ICCICE);

(c) Technology transfer;

(d) Enhancing national capabilities for investment project identification, formulation and analysis using the UNIDO Project Profile Screening and Pre-approach Information System (PROSPIN).

29. UNIDO would assist the Ankara Centre in the preparation of joint ventures and joint investment companies in OIC countries.

30. UNIDO and ICTD agreed to exchange information and publications, particularly on trade and industrial products, and agreed to finalize the draft co-operation agreement under consideration.

D. Education and eradication of illiteracy

31. The meeting noted with satisfaction the intensification of co-operation between UNESCO and the Islamic Educational, Scientific and Cultural Organization (ISESCO) during the past year. The two organizations have engaged in and intend to expand their co-operation in the following activities:

(a) Continuation of the project for transcribing national languages into Arabic characters for the countries of West Africa and East Africa, with the co-operation of IsDB, in the context of efforts to promote the use of the Arabic language in literacy campaigns and in primary-level education;

(b) Consultations on the rehabilitation of para-scholastic structures (Koranic schools, mosques etc.) at a meeting to be held in October 1990;

(c) Organization by both organizations of an interregional meeting on schooling facilities for children of emigrants;

(d) Provision of technical assistance to OIC member countries to help them experiment with, adapt and disseminate the methodological guide on the functioning of multigrade classes;

(e) In connection with subparagraphs (a) and (d) above, testing of the Arabic version of the methodological guide on the administrative and pedagogical management of primary schools at a workshop to be held at Amman in February 1991, and provision of technical assistance to member countries of OIC in the adaptation and dissemination of the guide;

(f) Action to reduce scholastic failures in the light of the conclusions reached at the conference to be held at Sintra, Portugal, in May 1991;

(g) Joint action in the area of teacher training for primary, literacy and adult education personnel through:

(i) Joint organization of regional and subregional workshops;

(ii) Exchange of specialists, information and experience;

(iii) Study tours, etc.

32. The meeting agreed that the new framework and mechanisms established under the action programmes (the Declaration of the World Conference on Education for All, the Plan of Action for the Eradication of Illiteracy, the Special Islamic Programme etc.) offered new scope for action and co-operation between the two organizations in the following areas:

(a) The sensitization of public opinion and the mobilization of available resources;

(b) Research and exchange of information and experience;

(c) Training of personnel;

(d) Formulation of post-literacy education, permanent education and distance learning.

33. Detailed projects would be determined at the next session of the UNESCO-ISESCO joint commission.

34. UNESCO and ISESCO agreed to appeal to the specialized agencies concerned of the two systems and to the financial institutions to support their joint efforts in combating illiteracy and promoting basic education.

35. The meeting noted that the two organizations would prepare and undertake jointly, with the support of other institutions and organizations of OIC and the United Nations system, the implementation and evaluation of subregional and regional projects and they would take steps to find the necessary extrabudgetary sources of financing.

36. The fruitful co-operation established between UNESCO and the Research Centre on Islamic History, Art and Culture in different aspects of Islamic history, art and culture would be pursued and developed in the context of the International Year of Literacy and the World Decade of Cultural Development.

E. Assistance to refugees

37. The meeting noted with satisfaction the development of wide-ranging co-operation between OIC and UNHCR in the area of assistance to refugees and the role played by UNHCR in providing international protection and assistance to refugees, particularly the assistance extended by OIC and some of its member countries to a large number of refugees in the OIC region.

38. The meeting also took note of the productive working relationship between the two organizations in terms of exchange of information on all matters relating to refugee situations involving the OIC countries in order to ensure close co-operation and prompt response to the needs of the refugees in those countries.

39. The meeting further took note of the readiness of ISESCO and UNHCR to conclude a co-operation agreement in the field of provision of educational assistance and placement opportunities and the allocation of scholarships to refugee students, which would strengthen the existing co-operation between the two organizations.

40. The meeting encouraged UNHCR to continue its contacts with IsDB in order to conclude a co-operation agreement in the field of provision of assistance to refugees.

41. The meeting noted with appreciation the adequate assistance being extended to refugees by the World Food Programme (WFP) and called upon WFP to continue and enhance such aid. The meeting finally noted the working relationship between UNRWA and OIC and its affiliated and subsidiary institutions in the field of provision of assistance to Palestininan refugees.

F. Technical co-operation among Islamic countries

42. It was reaffirmed that the policies and programmes designed to support and promote technical co-operation among developing countries would largely apply also to technical co-operation among Islamic countries, since all Islamic countries are developing countries. The steps to be taken for improvement of TCIC (technical co-operation among Islamic countries) would include the following:

(a) TCIC should be actively explored in every case as a modality for executing projects or parts of projects;

(b) Even in projects executed in the traditional manner, institutional capacities available in Islamic countries should be utilized to the maximum extent possible;

(c) Specialized agencies should be actively involved, especially at the project formulation stage, to assist Islamic countries in TCDC programming exercises;

(d) Such activities should be absorbed, as far as possible, into the country's indicative planning figure or in projects already financed;

(e) The improvement and decentralization of the Information Referral Service (INRES)-South data base was noted, as was the fact that such decentralization included the dissemination of the data base to several Islamic countries. Those countries should actively assist in strengthening INRES-South by providing the relevant information on its institutions and updating that information where necessary. Data was earlier provided for this purpose by the Ankara Centre;

(f) The assistance provided to TCIC by the UNDP Special Unit for Technical Co-operation among Developing Countries, through the Ankara Centre and in other ways, was noted. The Special Unit promised to continue and intensify such assistance. It was noted, in particular, that several TCDC programming exercises were planned in Islamic countries and in other countries where Islamic countries would be involved, with the substantive and financial assistance of the Special Unit;

(g) The Special Unit and the Ankara Centre reviewed the lists of national focal points of different Islamic countries for TCDC, and the Ankara Centre and IsDB agreed to co-operate in harmonizing focal point mechanisms and approaches to programmes relating to TCIC. The Special Unit also offered to help strengthen national focal point mechanisms so that they would be in a position to continue to provide information on their respective capacities and needs;

(h) It was felt that the technical Co-operation information system developed by the Ankara Centre could be utilized by the Special Unit in promoting technical co-operation;

(i) The Special Unit and the Ankara Centre agreed to co-operate in providing assistance to OIC countries in TCIC programming in the sector of food security;

(j) It was felt that UNDP could usefully participate in the forthcoming meeting on human resources development to be held at Dhaka in early 1991.

G. Development of trade

43. The meeting noted with satisfaction the status of co-operation in the area of trade and information exchange and recommended that this co-operation should be further strengthened as follows:

(a) UNCTAD could assist in the launching of an OIC trade liberalization programme under the proposed "Framework agreement on preferential trade systems among the member States of OIC". ICTD and UNCTAD agreed to continue existing informal contacts and to organize seminars with the participation of the member countries of OIC;

(b) Given the success and results of the Arab Maghreb Union Seminar organized jointly by ICTD and UNCTAD and held in January 1990 in Casablanca, it was agreed to hold a similar seminar for the benefit of the interested West African countries so as to improve their trade and economic co-operation. The proposed seminar would have the objective of maximizing business contacts, increasing trade links and opportunities and identifying further concrete co-operation possibilities, particularly through participation of the private sector. In preparing for the seminar ICTD would make suitable contacts with relevant subregional organizations;

(c) The ICTD secretariat and OIC member countries could benefit from the experience of the UNCTAD secretariat in human resource development. ICTD proposed to send personnel to the UNCTAD secretariat for short-term training programmes in specific areas mutually agreed upon. Similarly, UNCTAD and ICTD could also collaborate in providing training on economic and trade matters to the government officials of interested OIC member countries. The modalities of such a co-operation would have to be worked out carefully;

(d) In the area of exchange of information both sides agreed to reinforce each others' data bases and research programmes through regular exchange of information and publications and research work.

44. UNCTAD and the Islamic Chamber of Commerce and Industries and Commodity Exchange (ICCICE), at Karachi, should collaborate to help evolve new dimensions and improvements in the working of the national chambers of commerce and industries. In this respect a feasibility programme should be mutually agreed upon between ICCICE and the UNCTAD secretariat.

H. Other conclusions and recommendations

45. Taking into account the decision taken in the 1989 co-ordination meeting regarding human resources development, the meeting recommended the holding of a sectoral meeting on training and basic education at Dhaka in January 1991. A number of lead agencies, namely, UNESCO, UNDP, UNIDO, ISESCO, IsDB, SESRTCIC and IFSTAD agreed to participate and contribute background working papers.

46. The meeting urged OIC to invite IsDB to attend future co-ordination meetings, especially because of the involvement of IsDB in various projects in the member countries of OIC.

47. In view of the concerns of the member countries of OIC in the protection of the environment, the meeting recommended to include a separate priority area of United Nations/OIC co-operation on environment. It also took note of the contact established between OIC and the United Nations Environment Programme.

48. The meeting noted progress in the implementation of the Transfer of Knowledge Through Expatriate Nationals (TOKTEN) and hoped that OIC and UNDP would continue their contacts in this respect.

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General Assembly Security Council

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21 September 1990

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GENERAL ASSEMBLY
Forty-fifth session
Items 29, 71, and 144 of the
provisional agenda*
THE SITUATION IN AFGHANISTAN AND ITS
IMPLICATIONS FOR INTERNATIONAL
PEACE AND SECURITY
REVIEW OF THE IMPLEMENTATION OF THE
DECLARATION ON THE STRENGTHENING
OF INTERNATIONAL SECURITY
PEACEFUL SETTLEMENT OF DISPUTES
BETWEEN STATES

SECURITY COUNCIL
Forty-fifth year

Letter dated 19 September 1990 from the Permanent Representative of Pakistan to the United Nations addressed to the Secretary-General

Further to our letter dated 13 July 1990 (A/45/346-S/21395), I have the honour to inform you that on 17 September 1990 a strong protest was lodged with the Afghan Chargé d'affaires in Islamabad on the firing on 13 September 1990 of a Scud missile by Kabul forces, which landed in Pakistani territory near Shahdal in Kurram Agency. He was asked to inform his authorities that if such violations did not cease the entire responsibility for the serious consequences would rest on the Kabul authorities.

I request you to have the present letter circulated as a document of the General Assembly, under items 29, 71 and 144 of the provisional agenda, and of the Security Council.

(Signed) Jamsheed K. A. MARKER
Ambassador and Permanent Representative

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* A/45/150 and Corr.1.

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UNITED
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General Assembly Security Council

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20 September 1990
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GENERAL ASSEMBLY
Forty-fifth session
Item 23 of the provisional agenda*
QUESTION OF PALESTINE

SECURITY COUNCIL
Forty-fifth year

Letter dated 19 September 1990 from the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People addressed to the Secretary-General

As Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, I should like to draw your attention to the escalation of repression on the part of Israel, the occupying Power, against the Palestinians in the Palestinian territory occupied since 1967, including Jerusalem.

Since my letter of 19 June 1990 (A/44/955-S/21362), more Palestinians, including children, have been killed or wounded. According to a report recently published by DataBase Project on Palestinian Human Rights, 856 Palestinians, about a quarter of them children, were killed during the period from the beginning of the intifadah up to 31 August 1990 by Israeli forces, settlers and other Israelis. Over 99,000 Palestinians were reported to have been wounded during that same period. In its report for 1990, issued in mid-July, Amnesty International accuses the Israeli armed forces of having shot and killed Palestinians in circumstances which suggest excessive use of force or even deliberate action. In a report issued on 15 July, the Israeli Information Centre for Human Rights in the Occupied Territories (Betzelem) stated that "over 600 Palestinians had been shot and killed by members of the Israel Defence Forces on the basis of orders which nevertheless authorized them only to fire at their legs, save in the case of armed attack. Even if some of them died in circumstances which justified shooting, it is none the less true that hundreds of deaths could have been avoided". The same agency indicated that 1,890 Palestinian women had suffered miscarriages after inhaling tear gas used by the Israeli army.

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* A/45/150 and Corr.1.

The imposition of rigorous collective punishments remains widespread. According to DataBase Project, between December 1987 and the end of August 1990, a total of 10,200 Palestinians were placed in administrative detention for periods of up to six months without charge or trial; a curfew was imposed in towns, villages and refugee camps in the West Bank and Gaza Strip for periods totalling 1,755 days; and 1,557 houses or other buildings were demolished or sealed. The same body has already reported a tendency for the increased imposition of arbitrary charges and higher fines, in addition to or in place of detention. According to the issue of Al-Fajr dated 31 May 1990, the military authorities renewed for another period of three months the order for closure of the universities in the West Bank. Certain higher-education institutions were authorized to reopen, but under very restrictive conditions.

Cases of wounding and torture in Israeli prisons have also continued to be brought to the Committee's attention. Wafa, the Palestine News Agency based in Washington, stated on 1 September 1990 that 2,000 Palestinian prisoners had begun a hunger strike at the Al-Maskubiyah prison in Jerusalem in protest against the inhuman conditions of detention, including overcrowding and torture. That agency also indicated that, on 20 August, 190 Palestinian prisoners had been wounded in the Ansar 3 detention camp when Israeli prison guards had fired live ammunition and used tear gas against the prisoners because they had refused to obey the order to resume work.

The restrictions imposed on freedom of expression have been stepped up. Reuters News Agency reported in a press release on 9 July that the Israeli authorities had banned publication of the Palestinian weekly Sawt al-Haqq wa-l-Hurriyah. According to Ha'aretz of 29 July, the Israeli police have renewed the order for closure of the Society for Arab Studies in Jerusalem for the third consecutive year and have ordered closure of two of its branch offices. According to Al-Fajr of 14 August, the Israeli army has banned entry to the offices of the Gaza Press and ordered it closed for one year.

The Israeli authorities also took measures to prevent Palestinians in the occupied territory from attending the European Regional NGO Symposium and International NGO Meeting on the Question of Palestine, held under United Nations auspices at Geneva from 27 to 31 August. Mr. Faisal Husseini, Director of the Society for Arab Studies in Jerusalem, and Mrs. Zahira Kamal, Chairperson of the Action Committees of the Women's Union, were forbidden to leave the country for a period of two months. Mr. Ghassan Al-Khatib, lecturer at Bir Zeit University, was not permitted to travel abroad. Mr. Younis Jaru, a lawyer in Gaza, did not receive travel papers and Dr. Feryal Agha, of Gaza, did not receive a re-entry visa. These arbitrary decisions taken by Israel clearly contravene its obligation to permit all persons under its authority to attend a meeting organized by the United Nations.

The Committee on the Exercise of the Inalienable Rights of the Palestinian People vigorously deplores the intensified repression by Israel, the occupying Power, in violation of the Geneva Convention relative to the Protection of Civilian Persons in Time of War, of 12 August 1949, and resolutions of the Security Council and the General Assembly. The Committee once again urges the Security Council to take effective measures to ensure international protection of the Palestinians in

the occupied territory, as requested by the General Assembly in its resolutions 43/233 of 20 April 1989 and 44/2 of 6 October 1989.

The Committee considers that the situation in the region all the more strongly justifies the overriding need to move towards a just and comprehensive settlement of the question of Palestine through the convening of the International Peace Conference on the Middle East, in pursuance of General Assembly resolution 44/42 of 6 December 1989. The Committee renews its appeal to all the parties concerned to redouble their efforts with a view to attaining this essential objective.

I should be grateful if you would have the text of this letter distributed as a document of the General Assembly, under item 23 of the provisional agenda, and of the Security Council.

(Signed) Absa Claude DIALLO
Chairman of the Committee on the
Exercise of the Inalienable Rights
of the Palestinian People

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General Assembly Security Council

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25 September 1990
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GENERAL ASSEMBLY
Forty-fifth session
Agenda item 23
QUESTION OF PALESTINE

SECURITY COUNCIL
Forty-fifth year

Letter dated 19 September 1990 from the Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People addressed to the Secretary-General

In my capacity as Chairman of the Committee on the Exercise of the Inalienable Rights of the Palestinian People, I wish to draw your attention to the ongoing escalation of repression by Israel, the occupying Power, against Palestinians in the Palestinian territory occupied since 1967, including Jerusalem.

Since my letter to you on 19 June 1990 (A/44/955-S/21366), more Palestinians, including children, have been killed or wounded. According to a recent report of the Database Project on Palestinian Human Rights, since the beginning of the intifadah, and until 31 August 1990, 856 Palestinians, about one fourth of them children, were killed by Israeli forces, settlers and others. More than 99,000 Palestinians were estimated to have been injured in the same period. In its 1990 report released in mid-July, Amnesty International has charged that Palestinians have often been shot dead by Israeli forces in circumstances suggesting excessive use of force or deliberate killings. In a report issued on 15 July, the Israeli Information Center for Human Rights/Betzelem stated that "more than 600 Palestinians have been shot to death by IDF soldiers according to orders that only permit firing at the legs, except in cases of armed attack. Even if some were shot in circumstances justifying the firing, there would still remain hundreds of dead whose killing could have been avoided". The same organization has reported that 1,890 Palestinian women had suffered miscarriages after inhaling tear-gas used by the Israeli army.

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* Reissued for technical reasons.

Harsh collective punishment continues to be imposed widely. Database estimates that between December 1987 and the end of August 1990, a total of 10,200 Palestinians were placed in administrative detention for up to six months without charges or trial; 1,755 days of curfew were imposed on towns, villages and refugee camps in the West Bank and Gaza Strip; and 1,557 houses and other structures were demolished or sealed. The same organization has also reported a trend toward increased collection of arbitrary taxes and the imposition of large fines instead of, or in addition to, imprisonment. Al-Fajr reported on 31 May 1990 that the military government renewed the closure order of West Bank universities for another three months. Community colleges were allowed to reopen but under very restrictive conditions.

Reports of cases of injury and torture in Israeli prisons have also continued to reach the Committee. WaFA (the Washington-based Palestine News Agency) reported on 1 September 1990 that 2,000 Palestinian prisoners were on hunger strike in Almaskoubieh prison in Jerusalem to protest inhuman conditions, including overcrowding and torture. The agency also reported that, on 20 August, 190 Palestinian prisoners had been wounded at the Ansar 3 detention camp when Israeli prison guards fired live ammunition and tear-gas at them after they defied an order to work.

Restrictions on freedom of speech have intensified. Reuters reported on 9 July, that the Palestinian weekly Sawt al-Hak Wal-Huriye was ordered closed by Israeli authorities for three months. On 29 July, Ha'aretz reported that Israeli police extended the closure of the Arab Studies Society in East Jerusalem for a third consecutive year and shut down two of its auxiliary offices. Al-Fajr reported on 14 August that the Israeli army sealed and ordered the closure of Gaza Press offices for one year.

Measures have also been taken by the Israeli authorities to prevent Palestinians in the occupied territory from attending the United Nations European Regional NGO Symposium and International NGO Meeting on the Question of Palestine held at Geneva from 27 to 31 August. Mr. Faisal Husseini, head of the Arab Studies Society in Jerusalem, and Ms. Zahira Kamal, head of the Union of Women's Action Committees, were ordered not to leave the country for two months. Mr. Ghassan Al-Khatib, a Bir Zeit University lecturer, was denied permission to travel abroad. Mr. Younis Jaru, a lawyer, and Dr. Feryal Agha, a physician, both from Gaza, were denied a laissez-passer and a re-entry visa, respectively. These arbitrary decisions taken by Israel are clearly in contravention of its obligation to allow persons under its control to travel to United Nations meetings.

The Committee on the Exercise of the Inalienable Rights of the Palestinian People strongly deplores the intensification of repression by Israel, the occupying Power, in violation of the Geneva Convention relative to the Protection of Civilian Persons in Time of War of 12 August 1949 and Security Council and General Assembly resolutions. The Committee urges once again the Security Council to adopt effective measures to provide international protection to Palestinians in the occupied Palestinian territory as requested by the General Assembly in resolutions 43/233 and 44/2 of 20 April and 6 October 1989, respectively.

The Committee believes that current events in the region underscore the imperative necessity of advancing towards a comprehensive and just settlement of the question of Palestine through the convening of the International Peace Conference on the Middle East in accordance with General Assembly resolution 44/42 of 6 December 1989. The Committee reiterates its appeal to all concerned, and in particular the permanent members of the Security Council, to intensify their efforts to attain this essential objective.

I should be grateful if you would have the text of the present letter distributed as a document of the General Assembly, under item 23 of the provisional agenda, and of the Security Council.

(Signed) Absa Claude DIALLO
Chairman of the Committee on the
Exercise of the Inalienable Rights
of the Palestinian People

UNITED NATIONS

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15 October 1990

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Forty-fifth session
Agenda item 84 (c)

OPERATIONAL ACTIVITIES FOR DEVELOPMENT: UNITED NATIONS POPULATION FUND

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Executive Director of the United Nations Population Fund on the implications for population programmes of the Amsterdam Declaration and on efforts to develop further the analysis of resource requirements for international population assistance. The report, which has been prepared in response to General Assembly resolution 44/210 of 22 December 1989, was issued in document DP/1990/44.

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A/45/530
21 September 1990

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Agenda item 74

UNITED NATIONAL RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

University of Jerusalem "Al-Quds" for Palestine refugees

Report of the Secretary-General

1. The present report is submitted in pursuance of General Assembly resolution 44/47 J of 8 December 1989, the operative part of which reads as follows:

> "The General Assembly,
>
> "...
>
> "1. Emphasizes the need for strengthening the educational system in the Palestinian territory occupied by Israel since 5 June 1967, including Jerusalem, and specifically the need for the establishment of the proposed university;
>
> "2. Requests the Secretary-General to continue to take all necessary measures for establishing the University of Jerusalem 'Al-Quds', in accordance with General Assembly resolution 35/13 B of 3 November 1980, giving due consideration to the recommendations consistent with the provisions of that resolution;
>
> "3. Calls once more upon Israel, the occupying Power, to co-operate in the implementation of the present resolution and to remove the hinderances that it has put in the way of establishing the University of Jerusalem 'Al-Quds';
>
> "4. Requests the Secretary-General to report to the General Assembly at its forty-fifth session on the progress made in the implementation of the present resolution."

2. It will be recalled that the General Assembly first considered the establishment of the proposed university at its thirty-fifth session. At that session it adopted, on 3 November 1980, resolution 35/13 B in paragraph 5 of which it requested the Secretary-General, in co-ordination with the Council of the United Nations University, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the United Nations Educational, Scientific and Cultural Organization (UNESCO), "to study ways and means of establishing at Jerusalem a university of arts and sciences to cater to the needs of Palestine refugees in the area, under the aegis of the United Nations".

3. Since then, the General Assembly has adopted nine further resolutions on the subject (36/146 G of 16 December 1981, 37/120 C of 16 December 1982, 38/83 K of 15 December 1983, 39/99 K of 14 December 1984, 40/165 K of 16 December 1985, 41/69 K of 3 December 1986, 42/69 K of 2 December 1987, 43/57 J of 6 December 1988 and 44/47 J of 8 December 1989) and the Secretary-General has submitted eight reports (A/37/599, A/38/386, A/39/528, A/40/543, A/41/457, A/42/309, A/43/408 and A/44/474) on the steps he has taken in pursuance of those resolutions, including his efforts to prepare the functional feasibility study on establishing the proposed university that was first requested by the Assembly in its resolution 36/146 G. The position of the Government of Israel in regard to the establishment of the university is also set out in those reports.

4. As the Secretary-General has previously indicated (see A/41/457, para. 4), he believes that, in order to comply with the request addressed to him by the General Assembly, it will be necessary to complete the functional feasibility study initiated in pursuance of previous Assembly resolution. To that end, after Assembly resolution 44/47 J was adopted, the Secretary-General again sought the assistance of the Rector of the United Nations University, who at his request made available a highly qualified expert to assist in the preparation of the study. The expert was to visit the area and meet with the competent Israel officials, bearing in mind that Israel exercises effective authority in the area concerned.

5. In a note verbale addressed to the Permanent Representative of Israel to the United Nations on 5 June 1990, the Secretary-General, with reference to the request addressed to him by the General Assembly, requested that the Government of Israel facilitate the visit of the expert, which would take place at a mutually convenient date. Recalling the position taken by the Government of Israel concerning the proposed university, as well as the clarifications already given by the Secretariat to the questions raised by the Israeli authorities (see A/36/593, annex), the Secretary-General expressed the opinion that such questions could be best discussed on the occasion of the visit of the United Nations expert.

6. On 29 June 1990, the Acting Permanent Representative of Israel sent the following reply to the Secretary-General:

> "The position of the Government of Israel on this subject was clarified in a statement by the Representative of Israel to the Special Political Committee on 15 December 1983 (A/38/PV.98), in a letter of the Permanent Representative of Israel dated 22 May 1984 to then Under-Secretary-General Mr. Brian Urquhart 1/ and in successive notes verbale of the Permanent

Representative of Israel to the Secretary-General, the last of which was dated 6 July 1989, and reproduced in the report of the Secretary-General (A/44/474 dated 23 August 1989). 2/

"The Government of Israel has voted consistently against this resolution for reasons outlined in the aforementioned statement and documents, and its position remains unchanged. It is clear that the sponsors of resolution 44/47 J seek to exploit the field of higher education in order to politicize issues totally extraneous to genuine academic pursuits. Accordingly, the Government of Israel is unable to assist in taking this matter further."

7. In view of the position taken by the Government of Israel, it has not been possible to complete the functional feasibility study on the proposed university at Jerusalem as planned.

Notes

1/ See A/39/528, para. 11.

2/ See A/40/543, para. 10, A/41/457, para. 6, A/42/309, para. 6, A/43/408, para. 6, and A/44/474, para. 6.

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21 September 1990

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Forty-fifth session
Agenda item 83

EXTERNAL DEBT CRISIS AND DEVELOPMENT

Letter dated 20 September 1990 from the Permanent Representative of Yugoslavia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the report on debt and development in the 1990s of the Round Table on Debt and Development, held at Sveti Stefan, Yugoslavia, on 28 and 29 June 1990. It is my belief that the document may be of value in the course of the discussion of the issue of debt at the forthcoming forty-fifth regular session of the United Nations General Assembly.

I should be grateful if you would have the text of the document (see annex) circulated as a document of the General Assembly, under agenda item 83.

(Signed) Darko SILOVIC
Ambassador

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ANNEX

DEBT AND DEVELOPMENT IN THE 1990s

REPORT OF THE INTERNATIONAL GROUP OF INDEPENDENT EXPERTS

WORLD SCIENTIFIC BANKING MEETING

B E O G R A D

25 JUNE 1990

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Introduction

1. The International Group of Independent Experts was established in response to the proposal of the III World Scientific Banking Meeting, held in Dubrovnik, Yugoslavia, on 7-10 June 1989, "to investigate possible measures to meet the requirements for resumption of growth and financial stabilization over the next six years or so, and their implications for international debt policy". (Concluding Statement by the Chairman.)

2. The Group met in Tokyo on 15-17 April 1990 and in Beograd on 23-24 June 1990, chaired by Dr. Kazuo TAKAHASHI, the Programme Director of the Sasakawa Peace Foundation. It submits this report to the Round Table on Regaining and Further Enhancing Development Momentum in the Context of Rapid Global Change, to be held in Sveti Stefan, Yugoslavia, under the auspices of the World Scientific Banking Meeting Permanent Secretariat, Beograd and European Center for Peace and Development, Beograd, and with the assistance of the United Nations Development Programme and the Yugoslav Federal Government.

3. The report consists of the following sections:

(a) a review of the present debt and development situation in debtor countries;

(b) major challenges in the 1990s and policy reforms in developing countries;

(c) an assessment of international debt policy;

(d) need for an analytical framework for the solution of the debt problem;

(e) reflections on implementation of international debt policy;

(f) overcrowding of financial markets and need for an interim debt arrangement;

(g) aid and trade policies;

(h) references; and

(i) list of experts.

I Present debt and development situation

Continuing perverse resource transfers

4. At the Dubrovnik June 1989 meeting, "there was an apprehension that over the near and medium term, the position of many debtor countries would remain extremely serious". This apprehension was justified. The adverse resource transfer on loan account from developing countries -- the excess of their debt service payments over loan receipts (disbursements) -- is now higher than ever: US $ 52 billion from all developing countries, of which 32 billion from the severely indebted countries, estimated for 1989 (Table 1). The cumulative total of this "net resource transfer in the wrong direction" in the phrase of Dr.Karl Otto Poehl, President of the Bundesbank 1/, moving from the severely indebted middle income countries, has now reached US $ 185 billion during 1982-89, a staggering sum on any reckoning. A particularly disturbing development in 1988 was that even the low income severely indebted countries, mostly in Africa, experienced a negative resource transfer on loan account.

Table 1. Debt-Related Net Flows and Transfers, 1980-89
(US$ billions)

Country group	*1980*	*1981*	*1982*	*1983*	*1984*	*1985*	*1986*	*1987*	*1988 a*	*1989 b*
Net flows c										
All developing countries d	66.5	84.0	74.5	62.3	47.5	33.5	26.6	23.9	20.3	25.6
Severely indebted	35.1	50.4	41.6	29.2	21.8	7.5	9.0	13.9	8.6	11.1
Low income	5.9	7.0	6.8	5.7	3.4	0.7	3.6	3.9	2.4	3.8
Middle income	29.1	43.4	34.8	23.5	18.4	6.8	5.4	10.0	6.3	7.2
Moderately indebted	15.4	14.9	14.7	15.3	11.8	13.1	12.5	10.1	6.3	10.4
Low income	3.9	4.7	6.0	6.2	4.2	3.3	4.3	5.5	4.4	4.5
Middle income	11.5	10.2	8.7	9.0	7.5	9.8	8.2	4.6	1.8	5.9
Net transfers c										
All developing countries d	19.6	22.7	6.4	-2.4	-21.9	-36.2	-38.2	-40.3	-52.0	-51.6
Severely indebted	5.3	11.2	-2.1	-11.1	-19.9	-33.9	-26.3	-19.7	-31.3	-31.7
Low income	3.7	4.4	4.3	3.0	0.2	-2.4	1.3	1.9	-0.5	1.0
Middle income	1.7	6.8	-6.3	-14.1	-20.1	-31.4	-27.7	-21.6	-30.8	-32.6
Moderately indebted	6.3	3.2	2.0	2.6	-2.6	-1.0	-2.8	-5.6	-11.0	-8.1
Low income	1.9	2.4	3.3	3.4	0.8	-0.1	0.4	1.0	-0.3	-0.7
Middle income	4.4	0.8	-1.3	-0.8	-3.5	-0.8	-3.1	-6.6	-10.6	-7.3

a. Estimates.
b. Preliminary estimates.
c. Flows and transfers on account of all debt.
d. DRS countries.

Source: DRS. (Debt Reporting System) of the World Bank, in World Debt Tables 1989-1990, Volume 1, Analysis and Summary Tables, December 1989, page 9.

Decline in commodity prices

5. The difficult situation in financial transfers was aggravated by a renewed weakness of commodity prices -- they fell 12% between March 1989 and March 1990. 2/ Broadly, the commodity slump has now been with us since 1980. In the judgment of the United Nations Secretariat, "if commodity prices, including oil, had remained at their 1980 levels throughout the decade, it is likely that the debt crisis would have been averted". 3/

6. In 1989, coffee and cocoa, two key export commodities of developing countries, suffered major declines. Coffee, their second largest commodity export after petroleum, collapsed due to a breakdown of the International Coffee Agreement, hopefully temporarily. Cocoa collapsed because of excessive production, caused by a boom in planting in the early and mid-1980s, partly encouraged by international lenders financing the adjustment programmes. The effects on West Africa, a major producer, have been catastrophic: this is the second time in the last 25 years that this region is experiencing an economic, social and political upheaval due to a massive fall in commodity markets.

International interest rates

7. International interest rates are gradually moving upwards, this time under the influence of an upward shift in the formerly low-rate financial centers in West Germany, Japan and Switzerland. The Swiss rates are now at the same level as in the United States, the high-rate area since the late 1970s: 8 1/2% for a one-year certificate of deposit as of early May 1990, a development in Switzerland which would have been considered unbelievable only two years ago. The effects on the debtor countries can be catastrophic: it has been estimated that each one percentage point increase in international interest rates means extra interest payments by these countries of US $ 3-4 billion dollars per year. This affects particularly the middle-income debtors which have borrowed heavily on a floating-rate basis.

Decline in domestic investment

8. In the two main debtor regions, Latin America and Sub-Saharan Africa, the rate of investment has fallen by one-quarter to one-third between the early 1980s and 1988,

with no indication of recovery in 1989-90. The investment decline has been caused by several factors operating with different force in different countries: massive outward transfer of resources reducing the aggregate pool of savings available for investment, reductioin in public investment due to budgetary crises and short-term policies of adjustment, reduction of private investment due to increases in interest rates (the real rates in some developing countries exceed easily 30 percent per year, making any investment prohibitive) and depressed demand in the process of adjustment. The decline of investment of the estimated magnitude (Table 2) may have occurred in the past only during the Great Depression of the 1930s in the industrialized countries.

Table 2. Investment-to-GDP Ratios, Selected Low and Middle-income Regions, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988 a/
Sub-Saharan Africa	20.8	20.8	17.6	14.9	11.5	12.5	14.6	15.8	14.1
Latin America and Caribbean	24.2	23.6	21.4	16.9	16.7	17.5	17.4	18.2	15.7
Europe, Middle East and North Africa	27.8	27.7	27.0	29.0	28.3	26.8	26.9	25.9	25.8

a) Preliminary estimates.

Source: The World Bank, Annual Report 1989, page 27.

9. "The fall in investment has been so severe that some countries may not even have been fully replacing depreciating capital. In Africa, the minimum investment needed to replace depreciated capital is estimated at 13 percent of GDP, and seven Sub-Saharan countries had investment rates below that level in 1987. Similarly, the minimum investment rate to replace capital in Latin America is estimated at 14 percent, and three countries were below that level in 1987".4/ The situaition probably worsened in 1988 and 1989. In additiion to adverse impact this trend has on the economic and social conditions of these countries, it has aggravated their environmental situation significantly.

Stagnation and decline in real income

10. Per capita income in Sub-Saharan Africa and Latin America fell in most years since 1980, at least partly as a result of forces described above. The same occurred in most major debtor countries in other regions -- in North Africa and Southern and Eastern Europe, and in the Far East (Table 3).

Table 3. Growth of GDP and GDP per Capita 1981-88 in Selected Low and Middle-income Regions (average annual percentage change)

	GDP			GDP per capita		
	1981-86	1987	1988 a/	1981-86	1987	1988 a/
Sub-Saharan Africa	0.4	-1.4	3.0	-2.6	-4.5	-0.4
Latin America and Caribbean	1.4	2.7	1.4	-0.7	-0.6	-0.6
Europe, Middle East and North Africa	3.3	1.6	2.5	1.1	-0.5	0.3

a) Preliminary estimates.

Source: The World Bank, Annual Report 1989, page 25.

11. Stagnation and decline have affected the lower income groups with a particular force. Real wages have fallen drastically in many countries: in Africa, on the average, they fell by 50 to 60 percent between the mid-1970s and late 1980s. 5/ Unemployment and under-employment have increased almost everywhere. Adjustment programmes have not helped:

> "There was very limited attention in the first group of structural adjustment loans to the social implications of adjustment...". 6/ "As the decade <of the 1980s> progressed, the impact of stabilization and certain types of structural adjustment on the most vulnerable and disadvantaged socioeconomic groups became an important concern". 7/ ... "Adjustment-induced growth is proving to be a far-off achievement, and trickle-down has not reached the poor adequately. Because of the weight of human suffering we cannot simply sit back and wait for growth and adjustment to occur." 8/

Considerable attention is now paid to poverty problems in adjustment programmes; but their effects inevitably will be limited unless there is resumption of economic growth, an increaese in employment, and fairness in income distribution.

II Major challenges in the 1990s

Tasks ahead

12. Three key tasks are facing the debtor countries in the 1990s: resumption of economic growth, alleviation of poverty, and financial stabilization.

13. Resumption of economic growth is not possible without an increase in efficient investment producing tradeables. Alleviation of poverty calls for recovery of public expenditures on social services and welfare, in addition to rising employment and improved real wages. Financial stabilization calls for reconstruction of fiscal systems in many countries, for reduction of interest payments on public debt, and for reduction of armament spending.

Policy reforms in developing countries

14. In recent years, there have been significant changes in the institutional framework in developing countries. While the basis is still fragile, an increasing number of these countries are moving toward pluralistic democracy. This shift was noticeable in most Latin American countries in the 1980s, and is taking place in a number of African countries now.

15. Since the beginning of the debt crisis, and in some cases and some sectors even before, the developing countries have made substantial progress in economic reforms in three critical areas: 9/

(a) Economic (incentive) product pricing is becoming a rule in most developing countries. Major price distortions have been removed and prices essentially decontrolled in energy, agriculture and industry. Exceptions still exist, but the general

policy and trend have been in the direction of incentive pricing.

(b) Priority is now given to export development almost everywhere, particularly in diversified fields. This has involved devaluations in most cases, and duty-free imports of inputs for export production and other incentives in many. There is virtually no developing country today where the critical importance for growth of increased foreign exchange earnings has not been recognized. Most countries have also adopted measures to attract direct foreign investment.

(c) Fiscal discipline is now recognized as being of major importance for orderly economic growth and avoidance of balance of payments crises. In Latin America, "the transformation of attitudes towards fiscal discipline has been profound. There are still lively debates as to how the phrase 'fiscal discipline' should be interpreted and there are still political arguments about who should bear the burden of fiscal consolidation, but, in sharp contrast to the position a decade ago, the importance of fiscal discipline is now widely accepted. Although most countries need further consolidation and a few have not yet started the process, a great deal has already been achieved".10/ The World Bank, reporting on the developments in 25 countries implementing Bank-supported adjustment programmes ("early-intensive-adjustment-lending-countries"), calculated that their fiscal deficits as a proportion of GDP fell from 7.6% in 1981-82 to 4.6% in 1985-88. This group consists of 7 countries in Latin America, 13 in Africa, 4 in Asia and 1 in Europe.11/ Fiscal improvement has been widespread rather than limited to one geographic region.

A major obstacle to further curtailment of the budget deficit are interest payments. In 17 highly indebted countries, interest payments on external debt amounted to 4.3% of GNP in 1988. 12/ In addition, there are interest payments on internal public debt, which are formidable in some cases.

Inflation and the need for resource inflow and resumption of growth

16. Most debtor countries have not been successful in another major reform: elimination of inflation. Especially

for the poor, it is crucially important to contain inflation. The latter accelerated through 1989, particularly in Europe and Latin America, although developments in 1990 may be more favorable if the on-going stabilization efforts in several major countries prove successful.

Table 4. Consumer prices in developing countries 1985-89, average annual percentage change

	1985	1986	1987	1988	1989
Developing countries	35.8	26.6	35.3	59.5	86.3
Africa	11.9	12.2	12.6	18.9	...
Asia	8.0	5.6	7.4	11.8	10.2
Europe	26.6	27.0	41.2	80.1	232.3
Middle East	14.0	11.8	...	...	...
Western Hemisphere	127.7	82.3	116.1	218.0	350.0

Source: IMF Memorandum, 7 May 1990.

17. In part, the lack of success in combating inflation has been due to the multiplicity of objectives and problems of timing and sequencing in economic adjustment programmes. Correction of fiscal deficit has sometime been done through increases in indirect taxes (instead of raising and collecting profit and land taxes) and thus in product prices. Remaining fiscal deficits were largely financed by resorting to the inflation tax, since foreign finance was no longer easily available. Conflicts between stabilization and adjustment policies may also arise from devaluations that are required to improve the country's competitive position in the world market. In the short run, however, generation of external surpluses has drained goods from the domestic market and fuelled inflation by higher import prices. All this mitigated against price stabilizatiion. The latter calls for an inflow of resources, parallel with the restoration of a sound fiscal system and exchange rate stabilization. The job of reconstruction of the monetary system remains to be done in many developing countries, and this is hardly possible without the solution of the debt problem. The same holds for the resumption of investment in debtor countries -- a fundamental condition for resumption of economic growth.

Eastern Europe in transition and debt challenge

18. An expansion in external trade and financial relationships is likely to result from reforms in Eastern Europe. The initial impact of these reformatory changes on the financial position of some countries has been negative, however, and a further worsening may be inevitable before any improvement occurs. Eastern European countries will need a sizeable resource inflow over the medium term. Some are facing many of the same problems as other mid-income heavily indebted countries, however under more complex circumstances. Unemployment and drastic price increases are emerging as key immediate issues, and they have to be handled while at the same time formulating and executing institutional reforms and, in some cases, finding solutions to an acute debt problem.

19. A widely debated problem is the advisability of using debt-equity swaps. It is believed that this technique can be useful for some Eastern European countries too, however rather as a tool to attract foreign investment than as a debt reduction instrument. Other debt reduction techniques, if available, should be used first because they generally allow the debtor country to capture a substantially larger part of the secondary market discount than in the case of debt-to-equity swaps which leave the main part of this discount in the hands of the investor. That is why all the countries having already negotiated officially supported debt reductions suspended debt-to-equity swap programs till the conclusion of the agreement. If, however, such a comprehensive agreement were not to be reached in foreseeable future, it may be advisable to admit debt-to-equity swaps at an early stage in suitable cases.

III International debt policy

Recent evolution

20. Two changes in international debt policy during the last twenty four months have opened a new phase of major potential significance. The 1988 Toronto Summit decision opened the door for reduction of principal or interest on bilateral official debt of poor countries, mostly African. The 1989 adoption of the Brady plan, which followed the earlier French and Japanese initiatives, opened the door for reduction of debts of middle-income countries, owed to commercial banks. Both actions have been slow in

implementation, and the results so far and current estimates have been disappointing; in the case of the Brady plan, this was partly due to the likelihood that both debtors and private creditors continue to be engaged in bargaining on a better deal in transferring risks and losses to the public (wait - and - see attitudes). And both the Toronto and the Brady initiatives have left areas not covered, such as debts to official creditors of middle-income countries and debts to commercial banks of low-income countries. But the principle of debt reorganization, including scaling it down and/or reducing the rate of interest, now have been recognized.

Toronto decision: low income countries' debts

21. "Twelve Sub-Saharan African countries have rescheduled debts at the Paris Club (official creditors) under Toronto terms. The short-term cash flow benefit is relatively small. The estimated savings on interest payments for these countries amounts to US $ 50 million in 1989, or 2 percent of their total debt service falling due in that year..."13/

22. "Some progress also has been made in the forgiveness of bilateral development assistance loans. It is estimated that if all the new forgiveness plans announced by individual creditors are fully implemented, the reduction in the stock of Sub-Saharan debt would amount to US $ 5 to 6 billion, or 8% of their outstanding debt in 1989. Again, the cash flow relief from these measures is not likely to be large...".13/

23. Even though every cent counts, in Africa and elsewhere, the above reductions in aggregate interest payments and in debt outstanding must be considered only a marginal contribution to Africa's debt problem. Toronto decisions apply to a very small part of aggregate debt service: most of the latter is owed to private banks and international institutions, and they are not covered by the Toronto decisions.

24. Proposals have been made to recycle a part of African debt service to financing intra-African trade and investment, thus promoting regional integration. This is an important objective, and a specific scheme should be elaborated by African institutions as soon as possible and submitted to African creditors. Such a scheme should be accompanied by an in - depth analysis of the factors that caused the failure of previous integration attempts.

Brady plan: middle income countries debts

25. As of 11 April 1990, three debtor countries have reached agreements with creditor banks under the Brady plan: Mexico, Philippines and Costa Rica. It is reported that additional two -- Venezuela and Marocco - have reached agreements with banks in principle. In a partial arrangement, Chile had borrowed from the Bretton Woods institutions for a buy-back from banks of a fraction of its debt. These six actual and potential beneficiaries over one year of implementaion compare with an estimate of 39 beneficiaries over three years, made when the plan was launched, in March 1989. The World Bank is now estimating that with the total of US $ 30-35 billion available for financing the plan, "total debt and debt service relief would amount to US $ 6 billion annually",14/ or under 10% of the debt service obligations (amortization and interest) of the severely indebted middle income countries of US $ 66,886 million projected for 1989. 15/ To put these numbers in perspective, World Bank staff adds: "A two percentage-point increase in international interest rates would completely wipe out the maximum amount of debt and debt service reduction that can be achieved under the new strategy, while leaving the borrowing countries with the additional debt burden of 30 to 35 billion dollars resulting from loans in support of debt and debt service reduction operations". 16/ It thus would seem that the US $ 6 billion annual interest savings is a gross rather than a net figure: net figure would be only slightly above US $ 3 billion per year, or 5% of current debt service of severely indebted middle income countries. Either 3 or 6 billion dollars savings per year is not a negligible figure by any means. But as in Toronto decisions, spread over a large number of countries, these savings are marginal in relation to the size of the aggregate burden.

26. Several major points have been made recently concerning the experience in the implementation of the plan:

(a) Commercial banks have practically stopped new lending. Creditors which have decided to take a loss on their outstanding loans are unwilling to increase their loans. 17/ However, banks have stopped voluntary lending to most of these countries already before the implementation of the Brady plan.

(b) Countries whose debts are owed mostly to international institutions and bilateral public creditors cannot benefit from the plan, and these debts are substantial in a number of cases. 18/

(c) International institutions have financed debt reduction which is not deep enough. Hence too many public resources have been absorbed in too small improvement of creditworthiness. 19/

(d) Much greater emphasis should be placed on reduction of debt service payments in the near future rather than on long-term debt reduction; "the need is for net reduction in net transfer today". 20/

(e) "The resources provided under the Brady plan are insufficient to support on a adequate scale debt relief arrived at through voluntary negotiations in which creditors can choose whether to participate or not... <But> more resources to support debt relief may make the banks more optimistic about the prospects of the debtor countries and so more inclined to cling to their claims instead of conceding debt relief. At the very least, more banks are likely to try free riding..." 21/ "None of the <debt> initiatives <IMF-designed stabilization plans, Baker plan, Brady plan> have worked <because> public resources have never been sufficient and making them larger, in the context where the banks could choose whether to join in, would be rather like a dog chasing its own tail".22/

(f) "The program appears unlikely to produce definitive debt settlements in most cases and may in fact create a new set of uncertainties about future debt management and official private burdensharing". 23/ This statement by the World Bank management appears to reflect the fear that debt reduction does not go far enough, that private sector will not lend in the future, and that the Bank will be left holding the bag.

IV Need for an analytical framework

27. Two basic flaws have existed in the approach to the debt problem since the beginning of the crisis:

(a) No detailed estimates appear to have been made, on a country-by-country basis, of the capital requirements for overcoming the crisis and restoring a satisfactory rate of growth over the medium term; or if such estimates have been made, they do not appear to have been used in putting forward the past international overall debt policies.

(b) No attempt seems to have been made to examine the prospects for long-run debt servicing capacity, on a country-by-country basis, and determine the extent of debt relief or of cash-flow rearrangement accordingly. There has been general talk of "debt overhang", with no clear and argued specific analyses of the size and assumptions.

Missing estimates of capital requirements and related issues

28. Several prominent analysts have drawn attention to the analytical empty space:

(a) "The Bank and Fund have not received a mandate to work out the implications for the debtor countries of resuming the growth process which North and South both agree is an indispensable objective for growing out of the debt crisis. This in turn means that the capital requirements for adjustment with growth in the debtor countries as a whole have not been studied by the Bretton Woods institutions, let alone agreed upon by the international community. The rate of growth of the debtor countries emerges as a residual, a by-product of the feasible rate of borrowing... The figures for debt relief or debt reduction currently discussed are based more on some kind of guess as to political feasibility than on any scientific analysis of the data. In the absence of such an investigation, the debt strategy will continue to be an improvised affair in which the solutions proposed tend to amount to the minimum steps necessary to keep things going instead of being a reasonable approximation to growth requirements... The capital exporters obviously have the right to take their own positions on the capital to be provided both overall and to individual countries. But they should at least be in possession of independently determined facts and analyses." 24/

"The prospect is for South-North net transfers to be maintained almost indefinitely at a level of US $ 45-55 billion annually with an accompanying build-up of debt due to arrears. If this situation is to be turned around, which it must, creditor governments (and banks) must first adopt targets for reduction in negative net transfers and then compute: (a) what levels of relief are necessary to achieve reductions of the targeted magnitudes: (b) how such relief might be shared among bilateral,

multilateral and private creditors: and (c) what levels of new lending are necessary to accompany debt relief to achieve net transfer reduction targets.

At present the process works in reverse with constraints on debt relief and new money determining levels of net transfer for individual countries and for the Third World as a whole. As long as the process keeps working in this fashion there is virtually no prospect in sight for a reversal to a more sensible situation from the viewpoint of debtor countries and global welfare."25/

"Advising on policies is nothing new <for international financial institutions>, since they have been doing this for years. Advising on debt relief, however, will require some change in their approach. In the past, they have tended to work within the framework of what external resources they thought might be available rather than in terms of what were necessary to permit economic reform and make it politically palatable." 26/

"Designing a genuine credible adjustment-with-growth-and-equity package for a given LDC cannot be achieved in a routine, stylized fashion we have become accustomed to in recent years... What is needed instead is a full-fledged review of the specific characteristics of each of the major countries in question and an assessment of its position along the growth path. This assessment would be followed by a determination of the country's potential for reentering the international capital market within five to ten years, the actions needed to get there, and the preferred sequence of these actions. In other words, we need to fashion genuine structural change packages... together with an estimation of the additional financial resources... needed to facilitate the adoption of these packages from a political point of view." 27/

29. Difficulties of making capital requirements estimates should not be under-estimated, and they are well known. The required net resource inflow depends on a vast bundle of internal and external factors. It is crucially important to pin-point the underlying assumptions of any projection and critically discuss whether they are reasonable. As far as economic policies of debtor countries are concerned, capital requirement calculation must be based on the best available economic policy set to contain moral hazard problems. Also,

our knowledge on the effects of internal adjustement measures and external shocks on capital requirements is limited. These limitations do not mean, however, that financial requirements estimates should not be done, as they are indispensable for decision-making; they mean that care should he taken in making them.

Missing analyses of debt servicing capacity

30. The extent of debt relief is now determined by bargaining between the banks as a group and individual debtors in case of debts to banks; and by the decision of creditor governments in case of official loans. The market price of debt serves as one of the elements in determining the scaling down debts to banks; but the World Bank notes that "in actual negotiations, the secondary market price... might not be a good predictor of the terms of <debt reduction> transactions because the secondary markets are relatively thin, and demand and supply may be influenced by agents with shrewd behaviour on either side, raising the issue of moral hazard. Moreover, it may only be possible to negotiate large-scale transactions by offering a premium over the secondary price". 28/ A comment on present practice suggests "injection of much-needed economics into the negotiations and use of such <analytically derived> estimates as a starting point for guided bargaining on the extent and form of debt reduction". 29/

31. In case of good long run growth prospects, the cash flow problem over the short and medium term may be resolved through postponement of amortization (repayment of principal), and partial or total capitalization of interest and payment in local currency for a temporary period. In cases of poor long run prospects, in addition to some of these measures a reduction in the rate of interest is needed, the extent of the reduction depending on growth expectations. What needs to be avoided is a "viciously growing debt" -- debt growth continuously faster than product. 30/

32. The assumption concerning the future rate of interest plays a major role in determining the "debt overhang" and hence the needed debt relief. (If interest rates were to fall anywhere near their historical real level, much if not all of the "overhang" of middle income countries would disappear.) In this respect, contingency provisions can be made to allow for future changes. Capitalized interest can be written off in part in case an assumed decline in the internatioinal rate of interest does not take place. Concerning unexpected developments in export prices and natural resource discovery, a contingency provision can allow for changes in either direction of the obligations of the debtor.

33. Modalities of debt relief would vary from case to case, taking into account the practice which has been developed already and the numerous proposals which have been made. "A strength of the Brady plan is precisely its flexibility in adapting to the various mixes that are necessary". 31/

34. The coverage of debt where either a cash flow rearrangement or debt relief is proposed will vary from case to case. In principle it would cover all debts.However, it would not make much sense to apply relief or cash flow rearrangement vis-a-vis creditors which continue to grant new loans in excess of debt service. This is particularly the case with international institutions.

V Mechanism of implementation

35. Two possibilities were considered by the Group of Experts for the implementation of the analytical framework:

(a) Establish a Debt Restructuring Advisory Committee to serve as an "impartial debt mediator" which would prepare an official estimate of adequate debt reduction, based on the calculations of the IMF and the World Bank, to serve as a starting point in creditor-debtor negotiations; act as an honest broker in negotiations between the debtors and the creditors; and use its good offices to persuade the top leadership of the debtor countries to adopt and sustain "sensible" policy measures. Committee members can be chosen from major creditor governments, the IMF, World Bank, the regional development banks and independent development experts from developing countries. The Committee can draw on staff resources of the member internatioinal institutions.

(b) Establish independent teams of experts for each debtor country that wants them,headed by a prominent person in finance, economics or political life, to work out proposals for restoration of economic growth, suitable debt reorganization, and domestic measures to support them. These teams would draw on all sources of information and advice, including the IMF and the World Bank, but it is the teams which would be responsible for all calculations and proposals. 32/ It would be up to the debtor and the creditors whether to accept the proposals. Past

successful precedents for this procedure are the German and the Indonesian debt settlements of 1953 and 1970, respectively: both were prepared and negotiated by a well known German banker, Mr. Hermann Abs. The German settlement reduced its obligations by some 74%. 33/

36. Two prominent persons, skeptical of the possibilities of an agreed joint creditor-debtor solution, at least with respect to middle income countries, have suggested an unilateral decision of the debtors on the amount of debt relief, exercised in a conciliatory manner, and within a framework of a responsible domestic policy perhaps agreed with the Fund and the World Bank. According to Dr Knox,"there is no international mechanism to impose a solution on both creditors and debtors. Unpalatable as this is to the creditors, the time has come to face the fact that the international debt problem, if it is to be solved at all, will be solved by unilateral action of the debtors. Unilateral action has the advantage that it avoids the two problems that have bedevilled every attempt so far to bring about sufficient debt relief through the voluntary consent of the creditors: the free rider problem and the unwillingness of creditor country governments to put up the resources necessary to 'buy' consent on a sufficient scale". 34/ Professor Luiz Carlos Bresser Pereira, former Finance Minister of Brazil, stresses that the Brady plan, a great conceptual step forward in recognizing the need for debt reduction, will not solve the debt problem, because the plan is underfunded and it is unlikely that more public resources will be devoted to it, while its gradual, market-controlled approach requires much more funds. On the other hand, the present widespread "undeclared moratoria" 35/ are very damaging as they introduce much uncertainty in debtor countries, accelerate their inflationary expectations and discourage investment. Hence an unilateral or 'quasiunilateral' decision of debtors to reduce debt is needed, as a part of larger stabilization programs. according to professor Bresser Pereira. "We say quasiunilateral decision because the decision does not need to be fully unilateral. Negotiations will necessarily take place between the debtor and the creditor banks. It would be desirable that the stabilization plan would be undertaken under the supervision of IMF. The structural reform should have the orientation or the participation of the World Bank. But the debt reduction would have a basically unilateral character as long as the government of the debtor country would inform the creditor banks -- including the banks of the Paris Club 36/ -- that it would only be able to pay the banks that agreed to reduce the debt and to extend it for around thirty years."37/

VI. Overcrowding of financial markets and need for an interim debt arrangement

37. A major change is taking place in the global financial system. In recent years, the major surplus saving economies have been Japan and the Federal Republic of Germany, whereas the largest absorber of capital has been the United States. The demand for German savings is now increasing sharply because of the unification of Germany and special consideration given to Eastern European countries. The investment of Japan in East and Southeast Asian countries will increase due to improvement in their investment climate. Thus the surplus savings flow available in the Federal Republic of Germany and in Japan for investment elsewhere will tend to decrease. In addition, there has been a general downward trend in savings in the world economy in recent years.

38. On the demand side of capital, there is likely to be an increase. It seems that the United States will continue to require high levels of external capital in the near future. While the requirements of the official flows to East European countries have been estimated at around US $ 25 billion in the coming three years, the unknown levels of the requirements of the Soviet Union may become an important factor in the coming period. Private flows to these countries are likely to be limited in the immediate future.

39. Putting the supply side and the demand side together, the financial system is entering a period when the scarcity of funds will probably be the predominant feature, thus pushing upwards the rates of interest in the near future. While financial markets frequently reveal many surprises, it is now more prudent than ever before for debt policy makers and managers to analyse the issues involved in capital requirements and debt servicing capacity of individual debtor countries in the coming period.

40. In view of the likely overcrowding of demand in financial markets and corresponding difficulties which highly indebted countries are likely to encounter in mobilizing external resources in the near future, and the time it will take to prepare and agree on a lasting solution to the debt and resource problems, consideration should be given to an interim bridging arrangement which would include:

(a) postponement of amortization;

(b) payment of interest in three fractions:

(i) in foreign exchange at, say, 2% of outstanding debt -- the historical real rate of interest;

(ii) in local currency of the debtor, say, 3-4%, with protection of value during the period of inconvertibility. These funds should be devoted mostly to export oriented activities. For that purpose, export oriented companies may be established as joint ventures of domestic and foreign capital to be operated on a profitable basis. The interest payments through the debtor countries' exports would be eventually received by creditor banks;

(iii) the balance of interest, say 3-4%, will be capitalized into new loans payable in foreign exchange.

This scheme would not apply to concessionary debts and to trade credits. Also exempted would be those creditors whose disbursements exceed a country's debt service. Appropriate adjustment would be made in cases of partial coverage of debt service by disbursements. 38/

VII Aid and trade policies

Aid policies

41. Aid flows of whatever magnitude cannot be a substitute for sound macroeconomic management and appropriate incentive systems in the recipient countries. The focus of aid should thus be on supporting the implementation of internal policy reform and the stabilization of fragile institutions. The following basic guidelines are suggested:

(a) If policy reform and growth efforts are initiated from within the countries concerned, donors should be prepared to reward domestic efforts by increasing external support. In this way donors will help to prevent that domestic objectives have to be abandoned due to lacking aid response.

(b) A considerable part of external assistance should be geared towards institution building, human resource development, control of population growth and other poverty-related areas, as social politico-economic constraints, lack of skills and institutional weaknesses constitute major bottlenecks for economic development in low-income countries.

(c) If the ruling elites in the recipient countries are unwilling to put their economic house in order and carry out the needed social reforms, donors should not hesitate to cease support for these governments or at least reduce their efforts to supply emergency relief.

42. Special attention should be paid to the recommendations of the Parliamentarians for Global Action, set out in their Amsterdam Appeal of 1 April 1989 for the solutions of the debt crisis and repeated in their Appeal for Human Development of 20 April 1990:

"Essential is the need for a more balanced approach to conditionality which emphasizes human development. It is necessary to appropriately change productive structures, while also emphasizing:

- more expansionary macro-economic policies;
- concentrating sectoral policy on employment and income earning areas including small farming and informal activities;
- greater equity as well as cost effectiveness in income policies and social programs;
- compensatory programs to protect health and nutrition of the poor during restructuring;
- closer monitoring of major aspects of living standards, so as to respond more quickly to deprivation;
- ecological responsibility;
- democratic control of economic policy-making; and
- reduction of military expenditure."

43. Presently, low-income and aid-dependent countries are particularly concerned that the greater worldwide competition for foreign resources will be at their expence in the first place. So, it is crucially important that international financial institutions stress their assistance to these countries, as they have little chance of obtaining significant private capital in the near future. This may be achieved by focusing the role of these institutions on poverty issues to a substantially greater degree than in the recent past.

Trade policies of developed countries

44. It is urgently required to strengthen the case for liberalization of OECD imports in order to overcome the payments problems of debtor countries. Trade is now increasingly considered preferable to aid: aid provision itself would be of limited effect in tackling the debt and development problems of most developing countries, unless the industrialized countries remove their restrictions on imports from the former -- processed or not. Consequently, a major aspect of any meaningful internatioinal debt policy should be to facilitate the exports of developing countries and enhance their foreign exchange earnings, which will also foster their development.Their industrialization and diversification are crucial, and they call for access to markets.

45. As one way to this end, comprehensive liberalization schedules could be worked out, e.g. by the GATT, which would clearly pin-point the need for action in individual OECD member countries. Enforceability of such programs will remain an important problem unless the GATT has effective sanctions at its disposal. A feasible way out may consist of a commitment of OECD countries to compensate developing countries for refused liberalization by contingent aid payments. The aid to be allocated under this rule would be determined by the estimated losses of recipient countries due to refused liberalization.

Monitoring

46. The needs of monitoring the economic and socio-political developments and government policies, as well as the negotiating process, can be met by organizing international consultative groups such as that for Indonesia. The main function of the group is to ensure that government economic policies, as reflected in the annual budget and its implementation and in other measures, are sound, so that the donor countries can estimate the assistance needs every year and have the opportunity of raising relevant questions. This will reduce the uncertainties due to misinformation or misjudgment and increase the likelihood of quick response to the country's needs.

47. The discussions in consultative groups may include even such sensitive domestic issues as land reform, as it may be necessary to improve the fundamentals of the economic conditions in the national economy. Other topics that are often important are: tax system and tax collection, banking system and administrative efficiency.

48. It has been suggested that the focus of bilateral debt reduction arrangements should be shifted from the Paris Club to consultative groups. 39/ It has been further suggested that representatives of other developing countries may be invited to participate in the work of the consultative groups. This may broaden the policy dialogue and gradually evolve into regional discussions. 40/

49. The consultative group forum can also be used to monitor trade policies of creditor countries. This will introduce some balance in creditor - debtor relations and represent a significant step forward towards a comprehensive debt policy.

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IX List of Experts

Dr. Kazuo Takahashi, Chairman
Japan

Dr. Dragoslav Avramović
Yugoslavia

Prof.Dr. Milutin Ćirović (June meeting)
Yugoslavia

Miodrag Čabrić
Yugoslavia

Prof.Dr. Shinichi Ichimura (April meeting)
Japan

Dr.Shafiqul Islam (April meeting)
United States

Prof. Grzegorz W.Kolodko
Poland

Byung Kyu Lee
Republic of Korea

Prof. Witold Malecki (June meeting)
Poland

Dr. Peter Nunnenkamp
FR Germany

Prof. J.A.T. Ojo (June meeting)
Nigeria

Negoslav P.Ostojić
Yugoslavia

Kazimir Vidas (June meeting)
Yugoslavia